



Daily Report

East Asia

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APEC 'Next Generation' Session Opens on ROK

SK1109072594 Seoul YONHAP in English 0641 GMT 11 Sep 94

[Text] Cheju, South Korea, Sept. 11 (YONHAP)—South Korean Vice Foreign Minister Pak Kun-u expressed Sunday [11 September] hope that in the coming APEC (Asia-Pacific Economic Cooperation) summit in Indonesia, there will be "a historic declaration" for developing and augmenting the APEC.

Speaking at an opening session of the APEC Next Generation Program in Hotel Silla here on Korea's southernmost island, Pak said South Korea would hold on to its position for regionalism and multilateralism in trade at the Indonesian APEC summit, as it has benefited much from the open trade system. He, noting South Korea has contributed much to promoting cooperation and exchange programs in the region, said he believes the APEC Next Generation Program will mark a significant milestone in the development of the Asia-Pacific region in that direction.

Participating in the program are 84 mid-career people from 17 APEC member countries, including 51 national representatives. The meeting of young and promising leaders in the Asia-Pacific region, held as part of the APEC education program agreed among the leaders of APEC countries at their Seattle summit last year, will last until Friday.

APEC Preparatory Meeting Held in Yogyakarta

Adopts Human Resources Plan

OW1409160894 Tokyo KYODO in English 1451 GMT 14 Sep 94

[Text] Jogjakarta, Sept. 14 KYODO—The Asia-Pacific Economic Cooperation (APEC) forum ended a high-level working session Wednesday [14 September] after adopting a plan for the development of human resources. The plan will be incorporated in a declaration to be issued at the forum's ministerial meeting to be held in Jakarta in November, conference officials said.

In response to a request by host nation Indonesia, senior officials at the working session also agreed to include clauses calling for the forum's assistance in development projects in developing nations in the declaration, the officials said. The projects to be covered in the declaration will include the consolidation of the social infrastructure, development of medium and small enterprises and participation of private sectors in APEC activities, they said. In addition, the officials said, two expert groups under the committee on trade and investment will be upgraded to subcommittees. The groups are the subcommittee on standards and conformance and the subcommittee on custom procedures, they said.

APEC is a regional grouping to promote trade and economic cooperation. It brings together the six-member

Association of Southeast Asian Nations (ASEAN)—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—and Australia, Canada, China, Hong Kong, Japan, South Korea, Mexico, New Zealand, Papua New Guinea, Taiwan and the United States.

Yogyakarta Meeting Concludes

BK1509075994 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 15 Sep 94

[Text] Fifteen points were discussed during the third APEC [Asia-Pacific Economic Cooperation] senior officials meeting yesterday. An important consensus, which was reached during the meeting, will be referred to the APEC ministerial meeting next November. Wisber Luis, who chaired the meeting in Yogyakarta, said all remaining problems were settled on the second day of the meeting on Tuesday. Thus, APEC will have three committees—the Trade and Investment Committee, the Budget and Administrative Committee, and the Economic Committee in November. The senior officials agreed on the recommendation for the formation of two subcommittees under the Trade and Investment Committee—the Subcommittee on Standardization and Customs, and the Subcommittee on Customs Procedures. The two subcommittees are needed to accelerate trade liberalization among the APEC members.

Events at WTO Preparatory Meeting Reported

OW1409023494 Tokyo KYODO in English 0202 GMT 14 Sep 94

[By Antonio Kamiya and Hayato Ishii]

[Text] Washington, Sept. 13 KYODO—While the World Trade Organization (WTO) is slated to set up shop on January 1, the world's major trading powers have decided—at least for now—to keep their choice of who should head the powerful world body under wraps.

Trade representatives from Japan, the United States, Canada and the European Union (EU) discussed the politically delicate issue during "quadrilateral" meetings in Los Angeles over the weekend but came up with no definite conclusion.

The "Big Four" ministers made a candid, and occasionally blunt, review of the personalities of those who have expressed interest in getting the WTO job, according to confidential minutes on the closed-door sessions made available to KYODO NEWS SERVICE.

Four names came up during the final session Sunday [11 September] morning at a conference room at the Century Plaza Hotel, including outgoing Mexican President Carlos Salinas de Gortari, South Korea's Commerce and Natural Resources Minister Kim Chol-su, former Italian Foreign Trade Minister Renato Ruggiero, and former Brazilian Finance Minister Rubens Ricupero.

The minutes summing up the proceedings of the four "quad" ministers—Mickey Kantor of the United States,

Ryutaro Hashimoto from Japan, Roy Maclaren from Canada, and Leon Brittan from the EU—showed they all tend to favor candidates from their own region.

Hashimoto, Japan's international trade and industry minister, told his quad colleagues Japan favors the South Korean trade minister as the first WTO director general.

"We are neighbors," Hashimoto said in noting that Japan is inclined to back Kim's candidacy. "I know Kim Chol-su well," Hashimoto observed as he went on to describe Kim's qualities, citing the role Kim played in the Uruguay Round negotiations last year that led Japan and South Korea to partially open their rice markets after years of resistance. "Kim Chol-su is a quiet politician, but he is quite capable of making political judgments," Hashimoto said.

As successor to the GATT secretariat, the WTO is expected to wield more power than its predecessor in overseeing global trade and settling international trade disputes.

Kantor, the U.S. trade representative, said the WTO should be led by someone who has served as a head of government, since the WTO director general is a "high-profile" position, and by someone acceptable to developing countries as well. The minutes indicated the U.S. is likely to back Salinas. The outgoing Mexican president, Kantor told his quad colleagues, enjoys "extraordinary respect" from President Bill Clinton. Kantor, however, confided that the U.S. would not announce its position on the WTO candidacy until the position of Latin American countries on the issue becomes clear in the wake of Ricupero's political problem.

Ricupero, whose candidacy is still officially backed by the Brazilian Government, was forced to step down from his post as finance minister a week or so ago after making controversial remarks during a TV interview that was inadvertently broadcast. Ricupero's candidacy, the quad ministers concluded, is no longer a factor because of the so-called "tape" incident.

Brittan, the EU commissioner for trade policy, agreed the WTO should not be turned into yet another international bureaucracy, and told his quad colleagues the EU wants Ruggiero installed as the first WTO chief. The

WTO job, Brittan argued, is beneath Salinas' stature, as it calls for someone who can handle meticulous everyday work. Besides, Brittan added, the EU has decided to back Ruggiero.

When Hashimoto remarked that he does not personally know the Italian politician-cum-business executive, Brittan jumped in and suggested a face-to-face meeting between Hashimoto and Ruggiero.

"I have met him," Hashimoto retorted, "but I have never worked with him."

The minutes also showed the discussion on the potential WTO leadership took place primarily among Kantor, Hashimoto and Brittan, with Maclaren, the Canadian international trade minister, doing most of the listening.

Canada, Maclaren told his colleagues, would take a wait-and-see position for now. The minutes showed the ministers were aware of the political sensitivities involving the choice of the WTO director general, a decision Kantor reminded his colleagues that must be made before the WTO gets started on January 1 next year. The quad partners, Kantor said, should work together on the candidacy issue but must avoid "pulling its leg."

The minutes also recorded detailed exchanges among the quad ministers in their decision to back Switzerland as the host country for the inaugural WTO ministerial meeting. The question of where to hold that meeting has become an international hot potato after Kantor, angered by Singapore's decision to cane a U.S. teenager found guilty of vandalism this spring, vowed to block Singapore's bid to host the WTO event. The minutes showed that after Kantor, acting in his capacity as chairman of the quad session, raised the question of whether the first WTO ministerial should be held outside Geneva—the WTO's designated headquarters—Brittan proposed a face-saving compromise.

According to Brittan's formula, the first WTO ministerial should be held in Geneva with subsequent WTO ministerials alternating between Geneva and another WTO member nation. The second WTO ministerial, Brittan told his colleagues, should go to Singapore. The other quad ministers quickly agreed.

Japan

Kuriyama, Kantor Confer on Framework Talks

OW1509012694 Tokyo KYODO in English 0115 GMT
15 Sep 94

[Text] Washington, Sept. 14 KYODO—Japanese Ambassador to the United States Takakazu Kuriyama met U.S. Trade Representative Mickey Kantor Wednesday [14 September] to lay the groundwork for crucial trade talks which Kantor has set up with Japan's Foreign Minister Yohei Kono for next week.

Speaking to reporters after emerging from an hourlong meeting, Kuriyama and Kantor said they covered issues related to the "framework" trade talks but declined to divulge further details.

"(We want to make sure where) these talks are at and make clear the various positions on a whole range of issues under the framework," Kantor said.

Meeting in Los Angeles last week, Kantor and Kono agreed to have a follow-up meeting in Washington later this month in a bid to avert possible trade sanctions from the United States.

At issue is a series of trade disputes over Japan's automobile market, insurance business, government procurement and flat glass.

Frustrated by more than a year of inconclusive negotiations under the so-called "framework" process, Washington has given Tokyo until Sept. 30 to work out a settlement under the threat of trade sanctions.

Kantor insisted that the U.S. Administration has yet to make up its mind on what action, if any, to take against Tokyo, saying, "We have made no decisions at all....No decisions whatsoever."

Pressed by the U.S.-imposed deadline, the two countries resumed intensive negotiations over the past week, a back-and-forth process that is expected to culminate in the Washington meeting between Kantor and Kono, tentatively set for Sept. 23.

Despite uncertainties about the outcome of the framework talks, there was a bright spot on another bilateral trade front Wednesday. The two governments reported that foreign-made semiconductor products grabbed a record 21.9 percent share of the Japanese market in the second quarter this year. "The further improvement in foreign market share in the second quarter of 1994 is a very welcome development and demonstrates the strong competitive position of the U.S. industry," Kantor said in a statement.

Partial Accords Hinted

OW1509123694 Tokyo YOMIURI SHIMBUN in
Japanese 14 Sep 94 Evening Edition p 1

[By correspondent Makoto Kido]

[Text] Washington, 13 Sep—Speaking at a regular news conference on 13 September, Japanese Ambassador to Washington Takakazu Kuriyama touched on the Japan-U.S. economic framework talks and said: "Partial accords cannot be ruled out depending on the circumstances." At the news conference, the Japanese ambassador indicated a possibility that both Japan and the United States will reach accords on the insurance and government procurement sectors, with the exception of the automobile and auto parts sector, for which negotiations have faced a rough sailing, during September or in late September when Foreign Minister Yohei Kono visits the United States. Commenting on progress in the negotiations on the insurance sector, Ambassador Kuriyama expressed high hopes, saying: "My impression is that the negotiations have made a considerable headway."

At the regular news conference, Ambassador Kuriyama pointed out that "both Japan and the United States have the political will to put the Japan-U.S. economic framework talks on track," and expressed high expectations for headway in the bilateral negotiations. At the regular news conference, the Japanese ambassador went on to say: "If the United States insists that a wide range of its demands be dealt with as a package, no progress can be expected to be made for the time being. My personal view is that it is desirable for the two countries to take the approach of moving their negotiations forward. The possibility cannot be ruled out that some sort of accords will be reached between the two countries." The remarks by the Japanese ambassador at the regular news conference are taken as an indication that both Japan and the United States must seek to cooperate with each other through a gradual approach and both can fully agree on that point.

NTT's Procurement Focus in Framework Talks

OW1409211494 Tokyo MAINICHI SHIMBUN in
Japanese 14 Sep 94 Morning Edition p 9

[Text] Attention is being focused in regard to how the issue of the Nippon Telegraph and Telephone (NTT) Corporation's procurement programs will be handled in trade negotiations concerning the government procurement (of telecommunications and medical equipment) sector, which is one of the three priority areas in the Japanese-U.S. framework trade talks. Working-level talks on the NTT issue began at the Foreign Ministry on 13 September, but the pace of negotiations has been slower than that of negotiations on the actual government procurement sector. As a result, it seems unlikely that a settlement will be reached by the end of this month, which is the deadline at which point the United States will impose trade sanctions on Japan. Substantive moves have been made toward seeking a point of agreement. However, because of the sheer value of NTT's procurement programs, the United States considers NTT's procurement programs as being on the same scale as government procurement programs. Therefore, it

seems that the manner in which the NTT issue is handled in the trade talks may even have a significant bearing on the details of the possible agreement.

Japanese negotiators have asserted that because NTT is now a private corporation, the issue of NTT's procurement "is a private-sector matter, not part of government procurement." Therefore, negotiations on the NTT issue have been held apart from those on the government-procurement sector. However, while the government's procurement of telecommunications equipment totaled, in actual figures, about 70 billion yen in 1992, NTT purchased 740 billion yen worth of equipment in 1993 in a market that also includes foreign products. For the United States, which seeks results, "NTT is something that cannot be treated separately" (as stated by a government source).

The United States wants NTT to purchase more foreign products. However, NTT's procurement of foreign products has posted an annual growth rate of more than 20 percent compared to the previous year for the last five years. In 1993, the share of foreign products was 16 percent. Since demand has run its course regarding foreign products—such as digital switchboards—for which large-scale purchases can be expected, the situation is such that "there is little likelihood of a large increase in procurement in the future" (as stated by a government source). Thus, NTT, for its part, is in a difficult position, being unable to offer any promises to the United States indiscriminately.

In the government-procurement talks, Japanese and U.S. negotiators are in the process of finalizing details in view of the deadline at the end of this month concerning the United States' imposition of trade sanctions on Japan in accordance with a provision (Title VII) of the U.S. Omnibus Trade Act regarding government procurement. Japan's negotiators intend to avoid U.S. trade sanctions by settling the government-procurement talks, treating NTT procurement programs as a separate issue, and continuing negotiations in October and beyond.

Meanwhile, the United States is reportedly planning to continue negotiations by postponing the imposition of trade sanctions and putting off final accords until the NTT issue is resolved, as part of maintaining that "there will be no agreement on government procurement without settling the NTT issue."

Official Urges Delay in Talks

OW1409202694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Sep 94 Morning Edition p 5

[Text] On 13 September the Japanese and U.S. Governments resumed their talks in Tokyo on the Nippon Telegraph and Telephone Corporation's (NTT) procurement of telecommunications equipment. Concerning this, a top official of the Ministry of International Trade and Industry said: "Washington characterizes the NTT procurement issue as a sector in the Japanese-U.S.

framework trade talks on government procurement. However, unlike the talks on government procurement, little progress has been made in the negotiations. Thus, the two sides should consider first settling talks on the sectors that promise an agreement by the end of September. This is one option." In this way, he suggested that settling the NTT procurement talks would be delayed until after October.

Tokyo-Washington Framework Trade Talks Analyzed

OW1509034994 Tokyo KYODO in English 0322 GMT 15 Sep 94

["News Focus" by Keiji Urakami: "Japan, U.S. Leaning Toward Trade Accord"]

[Text] Tokyo, Sept. 15 KYODO—Japan and the United States are leaning toward an accord to fend off another major trade war clash.

Tokyo offered compromise plans in the latest auto trade talks, the most difficult sector of the three priority areas under the "framework" talks.

Meanwhile, the U.S. appears to be backing down from its insistence on a "results-oriented" trade strategy.

"Both parties recognize the importance of concluding the framework talks if possible," said a Japanese Government official who declined to be named.

Takakazu Kuriyama, Japanese ambassador to Washington, said, "The framework talks have begun moving toward a right track following a series of talks in the U.S. last week."

Japanese Vice Trade Minister Hideaki Kumano said, "We did more than just exchange words."

During working-level talks held here until Wednesday [14 September] on ways to expand Japanese purchases of American autos and auto parts, Japan proposed relaxation of rules on replenishment of vital car parts like brakes and clutches.

The compromise plan is apparently in line with Japan's proposal last week to pursue a partial deal in the framework talks instead of a packaged agreement as sought originally.

Meeting U.S. Trade Representative Mickey Kantor and other officials, International Trade and Industry Minister Ryutaro Hashimoto sounded them out on the possibility of striking a partial deal while leaving difficult sectors or difficult parts of each sector for future negotiations.

The proposal was put forward at a time when the U.S.-imposed Sept. 30 deadline for possible sanctions was looming three weeks away.

The U.S. has given Japan the date as a deadline to reach a deal or risk being named an unfair trade partner and face economic sanctions under U.S. laws.

"At present, there are no prospects at all (for a comprehensive solution to the three framework sectors of autos, insurance and government procurement)," Hashimoto said after returning home from his trip to the U.S.

But he quickly added, "We may be seeing a clue (to preventing the worst)." "We'd like to wrap up anything that could be wrapped up."

The Foreign Ministry, which was initially cautious about the idea of a partial agreement, has softened its stance.

Foreign Minister Yohei Kono said, "Japan wants to see the light by the end of September even if a full accord may be difficult."

An initial U.S. response to the Japanese idea was negative. Commerce Secretary Ron Brown, for example, turned what Hashimoto terms "fishy" at the beginning.

"But my impression was that they have finally shown understanding," Hashimoto said.

A Japanese Government official said the two countries have confirmed the need to prevent the recurrence of last February's rupture in trade talks, fearing possible adverse effects on currency markets.

Both Tokyo and Washington did not budge an inch in last February's summit meeting, touching off a wave of dollar selling as a way of cutting Japan's huge trade surplus. Redressing the imbalance is regarded as a chief purpose under the new economic and trade framework.

The Japanese industry has adapted well to a bout of yen surges in the past year by promoting labor cuts and other restructuring to the limit.

But neither the industry nor Japan's emerging economic recovery is said to have more ability to resist another yen increase.

"The two countries should be desperate in seeking ways to defuse any further confrontation that would damage the economic ties," the official said.

Apparently frustrated by the long stall in the framework talks, Washington recently turned to compromising in the most sticking point—how to define "objective criteria" as a tool to gauge the openness of Japan's markets.

In the latest talks over government procurement practices, the U.S. proposed the use of "progress" as criteria for measuring Japanese imports of American goods and services, dropping its demand for using "substantial increase."

Nobody believes the U.S. has finally retreated from insistence on specific targets for ensuring increase, but many think this may reflect Washington's willingness to wrap up accord before Sept. 30 anyway.

Washington knows Japan would not be in big trouble even if sanctions are slapped on Japan, for example over the government procurement talks.

Even if Japanese makers were excluded from the U.S. Government procurement market under sanctions, their combined losses would total only 150 million yen a year.

Moreover, the U.S. industry has recently regained its global competitiveness, especially in the auto sector, tapering off a desperate need among U.S. negotiators to clinch Japanese pledge on auto trade.

What would be important for the U.S. is to avoid looking clumsy on any major issue, including economic ties with Japan, with the approach of midterm elections in November.

"(U.S. President Bill) Clinton, already under fire for inadequately handling other economic issues, must feel he cannot afford another major stumble in the framework talks," the government official said.

Kuriyama said, "Japan and the U.S. have confirmed their political intention toward framework accord."

Hashimoto's Role in Administration Discussed

OW1509065294 Tokyo AERA in Japanese 19 Sep 94 pp 13-15

[Article by editorial staffer Toshiaki Miura: "MITI Minister Hashimoto Is the 'Fire Starter' of the Administration"]

[Text] MITI [Ministry of International Trade and Industry] Minister Hashimoto: "This is supposed to be a conference attended by the MITI minister, so if you, Mr. Deputy Prime Minister, are busy...."

Deputy Prime Minister and concurrently Foreign Minister Kono: "No no, the invitation has also come to me."

Screams at Senior Foreign Ministry Official

Starting on 4 September, a four-party trade conference—including Japan, the United States, the European Union (EU), and Canada—was held to discuss the international trade order. From Japan, two cabinet ministers, Kono and Hashimoto, attended, but during a preliminary conference, exchanges like the one above are said to have taken place about who was to participate.

At the end of August, Prime Minister Tomiichi Murayama commented during an informal press conference in Singapore that: "I want to carefully consider the issue of assuming a permanent seat on the UN Security Council." At that time, back in Japan, Hashimoto was making speeches taking a positive position on obtaining a seat, saying: "If we do not take a permanent seat on the Security Council, Japan will lose out."

It has been two and half months since the Murayama cabinet, which is a scratch team from the Liberal Democratic Party (LDP), Socialist Democratic Party of Japan

(SDPJ), and New Party Sakigake. The three party heads: Kono, Murayama, and Masayoshi Takemura, stress that their unity is strong because they "like each other." Now, however, discord between them and Hashimoto, who is recognized both by himself and by others as the best policy expert in the cabinet, has become conspicuous.

An incident took place during the Naples summit in July. It is not widely known that, at a study session held preceding the U.S.-Japan summit meeting, MITI Minister Hashimoto screamed at senior officials from the Foreign Ministry. It took place when Prime Minister Murayama and leaders from the other two parties were present.

Before the summit meeting, a letter conveying the U.S. side's thinking and which was addressed to Prime Minister Murayama had arrived from President Clinton. The Foreign Ministry had relayed the contents to the Prime Minister's Official Residence, but had not informed the MITI minister, in whose jurisdiction some of the issues fell. When he learned of the existence of the letter during the study session, Hashimoto became enraged. He was so angry that he threatened to return to Japan.

Hashimoto prides himself strongly on his qualifications. He was the only one of the four who had the experience of having attended a summit. He had served as health and welfare minister, transportation minister, finance minister, secretary general of the LDP, and Policy Research Council chairman. As for economic policy, he considers himself to be the leader in the current administration. policy, he considers himself

Opinionated, Assertive, Strong Personality

When one listens to one of MITI Minister Hashimoto's news conferences, one realizes that he is opinionated, self-assertive, and has a strong personality. It is customary that, after the cabinet meetings which are held on every Tuesday and Friday, each cabinet minister holds a news conference and explains the issues in his jurisdiction. But in the case of Hashimoto, it does not stop within the realm of MITI, but covers the full range of government policy.

"As a measure to improve business conditions, we must consider lowering the official interest rate."

"I question whether the new 'Gold Plan' (the Welfare Ministry proposed) is sufficient for the welfare of the aged. Discussions should take place."

"We must rebuild the U.S.-Japan relationship. Unlike members of the previous Hosokawa and Hata administrations, I have a personal relationship with leading people in the U.S. Government."

Such comments also reveal the self-assertive, strong personality of Hashimoto, who just has to have his say on everything.

It was September last year. The LDP was defeated in the general election held during the summer and had left

power for the first time since the party was formed. They held a special party meeting for the purpose of reviving the party. At the opening, a dispute started between party President Kono and Policy Research Council President Hashimoto. It was a discussion about the character of the earlier war [World War II], which Prime Minister Morihiro Hosokawa called a Japanese "war of aggression."

Kono: "It was a wrongful act which the militarist leaders conducted. We cannot deny the fact that we troubled other countries."

Hashimoto: "I do not think so. Although I can not deny the fact that we conducted an invasion, what other choice could we have made at the time? We can not just say in a simple phrase that the road our country chose was a 'war of aggression.'"

Kono: "When you look at it from the victim's point of view, there is no question that it was an act of aggression."

Ideologically Different From the Leaders of the Three Parties

Kono has been a dovish politician. On the other hand, Hashimoto is the chairman of the War Bereaved Group, which is a conservative LDP pressure group. They are ideologically at opposite ends of the spectrum. In a situation where they should have been demonstrating party solidarity, the Policy Research Council chairman barked at the party president and the president rebutted him. As a result of this situation, the meeting hall was enveloped in a tense atmosphere.

How will this stubborn Hashimoto do battle with the leaders of the three parties?

Until this administration was formed, the three parties' leaders hardly had any common point of contact. Curiously enough, however, Hashimoto had a connection with each of them.

With Prime Minister Murayama, he has had a long association as a member of the House of Representative's Social Labor Committee. During the 1970's, they once worked together on establishing the law for temporary measures [rinji sochi ho] for the benefit of people who became unemployed as the result of declining industries. This law was passed as parliamentarian-originated legislation. With Takemura, he has become intimate with him through informal parliamentarians' meetings on global environmental issues. With Kono, for the past year he supported him as the party's Policy Research Council chairman.

While these three men have strengthened their ties, their relationship with Hashimoto has become a delicate one. This may ultimately be the result of ideological differences.

They are all dovish and share a "protect-the-Constitution" position and may be called "social

democratic liberals," including Kono. On the other hand, Hashimoto holds a completely opposite viewpoint from them on World War II, the Yasukuni Shrine issue, and so on. Based on such ideological differences, Hashimoto was quite apprehensive about the LDP-SDPJ coalition to begin with.

When the vote was taken to name a prime minister on 29 June, the rumor that the Shinseito side would support Hashimoto might have been floated in part as a tactical move to create a disturbance. But it was done against the background that Shinseito and Hashimoto are close—policy-wise—on issues like the permanent UN Security Council seat and tax system reform.

Such is the situation with Hashimoto. Yet it is also true that he is quite concerned about supporting the Murayama government.

Before the U.S.-Japan summit in Naples, Hashimoto in fact quietly visited the prime minister's room.

"Your private meeting with the president is scheduled for 15 minutes, but do not worry about the time. Take more time and give your opinions, do whatever you want."

It is usual at summit meetings that the private meeting between the two leaders takes up most of the meeting time and, at the end, a larger meeting including other cabinet members is held. At the Naples meeting, the first 15 minutes—out of a one and a half hour meeting—was scheduled for the one-on-one meeting. The reason the leaders' private meeting was shortened was in consideration for the U.S. perplexity about an SDPJ prime minister-led cabinet. The Foreign Ministry's aim was to reduce U.S. apprehension by increasing the time when the other parties' leaders, Kono and Takemura, were present.

Opinion Survey Indicates Hashimoto Is Leading Candidate To Be Next Prime Minister

Hashimoto's advice was, rather, to market the prime minister himself, as a person. The prime minister followed his advice and told the president that "I want to introduce myself." He started with the chaotic post-war period, talked about his sympathy for peace, freedom, and democracy, explained the circumstances of his joining the Socialist Democratic Party, and so on. The meeting between the two men, as a result, took more than twice the time scheduled, at 40 minutes.

After the summit, Hashimoto, who had come back to Japan, said at an informal meeting of cabinet members: "This summit meeting was managed well through the good cooperation of the leaders of the three parties. There is no precedent of a summit in which we received such trust by the other countries. I want to extend my appreciation."

According to an opinion survey published in the 6 September issue of NIHON KEIZAI SHIMBUN, Hashimoto lead the list of desirable candidates to be the next

prime minister. Ranking ahead of Lower House President Takako Doi and LDP President Kono, he displayed his continuing popularity.

But the chance to become prime minister only exists if an LDP/SDPJ cabinet continues in power. He wants to stand out and to give his own opinion. But to be successful, he also has to control himself. Hashimoto's wide-ranging comments may be an indication that he, himself, best knows his dilemma.

Ozawa Briefs Reporters on New Diet Bloc

OW1509124594 Tokyo KYODO in English 1230 GMT 15 Sep 94

[Text] Tokyo, Sept. 15 KYODO—Japan's 10 noncommunist opposition parties and groups agreed Thursday [15 September] on the outline of a new parliamentary group which they plan to establish in preparation for setting up a new party, a top opposition strategist said.

Officials of the opposition forces except the Japanese Communist Party met in Tokyo to discuss a plan to merge the 10 parties and groups to form a new party rivaling the current ruling three-party coalition led by Prime Minister Tomiichi Murayama.

Ichiro Ozawa, briefing reporters on the meeting, said the officials gave their consent to the outlined organization and character of the proposed parliamentary group.

They will resume discussions Monday on details of the planned Diet group, said Ozawa, who chaired the meeting.

The opposition forces have agreed to merge their parliamentary groups by the time an extraordinary Diet session is convened, expected 30 Sep.

Ozawa, secretary general of Shinseito [Japan Renewal Party] which is headed by former Prime Minister Tsutomu Hata, has been one of the most eager advocates of the merger of opposition forces to form a new party since the former ruling coalition led by Hata surrendered power in late June to the current coalition government.

Keidanren To Ask U.S. To Reconsider Tax Penalties

OW1509041094 Tokyo SANKEI SHIMBUN in Japanese 13 Sep 94 Morning Edition p 9

[Text] On 12 September, the Federation of Economic Organizations of Japan [Keidanren] disclosed that it plans to ask the United States to reconsider penalties (temporary) which the latter has decided to incorporate into the transfer price taxation system. Keidanren has judged that if such penalties were to be applied as planned, great damage would be inflicted upon Japanese firms that have advanced into United States. Therefore, the organization plans to state its view at a public hearing planned to be held on 19 September in Washington by the Internal Revenue Service (IRS). Prior to

this, the Japan Machinery Exporters' Association [JMEA] (with Seichiro Matsuo as chairman), which consists of major export-related industries, plans to submit a statement of opinion to the IRS, dated 14 September.

Transfer price refers to a price charged by a parent company on products, parts, and other goods imported by its foreign subsidiaries. If the IRS determines that a company has set transfer prices at overly high levels to make their profits seem small, it imposes back and penalty taxes. With the new penal regulations incorporated in the transfer price taxation system, additional taxes calculated at either 20 percent or 40 percent will be imposed if U.S. tax authorities find out that U.S. subsidiaries of Japanese and other foreign companies have reported taxable income at below a certain level.

In order to avoid such penalties, companies will have to submit vast amounts of data on their financial accounts in a short period of time. Keidanren and the JMEA have criticized this, saying: "Companies will be burdened with an excessive work load." The two organizations also plan to make such statements as follows: 1) It is unreasonable that taxpayers should have to prove their tax reports are accurate; and 2) there is the possibility of differences in interpretations by working tax officials regarding the application of penalties.

DFAA Head Comments on Importance of U.S. Bases

*OW1509022894 Naha OKINAWA TIMES in Japanese
10 Sep 94 Morning Edition p 1*

[Text] Noboru Hoshuyama, director general of the Defense Facilities Administration Agency [DFAA], who has been visiting Okinawa, held a news conference on 9 September before going back to Tokyo, at the Naha DFAA and said: "History proves that Okinawa is in a strategically very important location in Asia, and the world. It is in a superior location in terms of bases. I hope the people in Okinawa will change to coexist with the bases by using this location for their benefit." In this way, he stated his hardline attitude, which runs against the feelings of Okinawan people who call for the withdrawal of all the bases. This is an unusual case in which a DFAA director general, who is a bureaucrat, expressed his private feelings regarding the issue of bases on Okinawa at an official venue. All political parties in Okinawa are expressing their opposition to Hoshuyama's remark, saying that "this is a situation of a bureaucrat not knowing the actual situation in Okinawa."

The director general made the comment in response to a question by a reporter who asked: "Do you think it is necessary to realistically deal with the base issue?" The director general answered: "Military facilities are indispensable on strategic lands. Regardless of whether you like it or not, this is a national demand." In this way, the director general explained his own view that coexistence

with the bases is "Okinawa's destiny." He concluded his answer to the question by saying that "the government and the U.S. military can have constructive discussions" if Okinawan people coexist with the bases.

This is an unexpected remark of indirectly asking the prefectural government to realistically deal with the base issue. However, it seems that his remark will create a stir because it runs against the feelings of the prefectural people, who aim to make Okinawa "free of bases." At his meeting with Governor Masahide Ota on 8 September, the same director general asked for cooperation over the issue of constructing a P3C transmitting station. But the governor answered: "The prefectural people are against the idea of increasing the number of bases. Politically, I pledged to the people that I would reduce the bases. Therefore, the situation is severe." It seems that the director general's dissatisfaction with the governor's response was the background of the remark.

Responding to the director general's remark, Governor Ota said: "Availing ourselves of the 50th anniversary of the end of World War II, we need erase the image that this an island full of military bases. I told this to the director general, too. I will restrain from making comments because I do not know the true intention of his remark."

Regarding live-fire exercises over the prefectural highway, which the prefectural people want the U.S. Forces to stop, the same director general said: "Training grounds for the Self-Defense Force are also in short supply. Under such circumstances, it is difficult to find alternative training grounds." While explaining a negative view on totally banning the live-fire exercises, he hinted at the possibility of transferring a part of the training to the Fuji Training Ground (in Shizuoka), a choice of the U.S. Forces.

Hoshuyama's U.S. Base Remarks Generate Reactions

Hoshuyama Given 'Strong Warning'

*OW1509032694 Naha RYUKYU SHIMPO in Japanese
14 Sep 94 Evening Edition p 1*

[Text] Tokyo—On the evening of 13 September, Chief Cabinet Secretary Kozo Igarashi said a controversy over remarks by Noboru Hoshuyama, director general of the Defense Facilities Administration Agency [DFAA] will be brought up for discussion at the cabinet meeting. Commenting on the DFAA head's remarks calling for "Okinawa's coexistence with U.S. military bases," Igarashi said: "I will give him a strong warning. This issue will be brought up at the cabinet meeting, and I will urge bureaucrats to be very careful about remarks in public." Igarashi made these remarks in reply to a complaint filed by Kosuke Uehara, vice chairman of the ruling Social Democratic Party of Japan.

Protesting the Hoshuyama remarks, Uehara stressed: "His remarks are those of one totally ignorant of base-related problems in Okinawa. Clear penalties must be incurred on this issue."

Uehara filed his complaint to the chief cabinet secretary at the prime minister's office. In response, Igarashi summoned Nobuo Ishihara, administrative deputy chief cabinet secretary, to confirm what Hoshuyama said. Ishihara said: "I had a phone call from Director General Hoshuyama on this issue. His remarks aroused hot controversy, and I think it was an undesirable incident." On that ground, Igarashi stated: "It is undesirable that senior government officials hurt people's feelings due to lack of consideration. I would like to give him a strong warning. Also, I will ask cabinet ministers to take necessary measures to avoid slips of the tongue by bureaucrats."

Paper Cites Officials

*OW1409130594 Naha OKINAWA TIMES in Japanese
14 Sep 94 Morning Edition p 1*

[Text] Tokyo—A remark by Noboru Hoshuyama, director general of the Defense Facilities Administration Agency [DFAA], during his inspection tour of Okinawa that "Okinawa should change toward the direction of coexistence with the U.S. bases" has also been taken up in the national government.

At a news conference after the cabinet meeting on 13 September, Defense Agency [DA] Director General Tokuichiro Tamazawa said, "His remark seems to have been misunderstood; I would like to look into the matter." He indicated he believed that Hoshuyama did not explain himself adequately.

Sadatoshi Ozato, director general of the Okinawa Development Agency, also disclosed at a news conference that he had heard Hoshuyama's explanation. Another top government official said on the evening of 13 September: "Somebody who does not take into consideration the sentiments of the local residents cannot claim to be a good government official," expressing his strong dissatisfaction.

Commenting on the Hoshuyama remark, Tamazawa said, "I think what he really meant was not fully understood. I have not been able to read the news reports carefully. I would like to look into the matter." He indicated he might take action on the issue.

On the other hand, Ozato also commented on this controversial remark, saying: "I feel that his hypothetical notion of 'coexistence' was presented too strongly." He emphasized that, "It goes without saying that I intend to undertake the consolidation and retrenchment of the bases in a rational way."

Ozato met Hoshuyama on 12 September to inquire about the real intent of the remark in question.

Hoshuyama reportedly explained: "As long as the Okinawan Government adopts the policy of 'opposition to the Japan-U.S. security pact and withdrawal of U.S. bases,' there can be no positive result in the demands of

Okinawans to promote the reorganization and consolidation of the bases. While they are asking for tangible solutions to mark the 50th anniversary of the end of World War II next year, there can be no progress with such a policy. Thus, I wanted them to change toward the direction of coexistence with the bases. I hoped the prefectural government would act as the overall coordinator of the cities, towns, and villages under it to speed up the process of reorganization and consolidation."

Ozato claimed that "(Director General Hoshuyama) does not negate the retrenchment of the bases. I understand that his principle is to go about reorganization in a rational way."

Governor Ohta Offers Criticism

*OW1409131894 Naha RYUKYU SHIMPO in Japanese
12 Sep 94 Morning Edition p 2*

[Text] Director General of Defense Facilities Administration Agency Noboru Hoshuyama has said Okinawa Prefecture is strategically indispensable and demanded that residents "coexist with the United States Armed Forces."

Touching on the remarks at his regular news conference on 12 September, Okinawa Prefecture Governor Masahide Ota said: "It is impossible for us to coexist with the U.S. Armed Forces. I can hardly understand what he really meant."

The governor thus made quite clear his dissatisfaction over the remarks.

Governor Ota plans to monitor the reaction of Okinawa's dietmen to the "Hoshuyama remarks" and the prefectural office, after investigating any possibility of misunderstanding, plans to file a protest with the government.

Hoshuyama on Contentious Remarks

*OW1509032794 Naha RYUKYU SHIMPO in Japanese
13 Sep 94 Morning Edition p 1*

[Text] Tokyo—On 12 September, Noboru Hoshuyama, director general of the Defense Facilities Administration Agency [DFAA], explained his previous remarks on the U.S. military bases on Okinawa which provoked strong reactions from Okinawans. He said: "It was not a comment to deny reduction and reorganization of the military bases, which Okinawan people have been crying for. But it was a request for some changes in Okinawa's stand to smoothly promote reduction and reorganization." In this way, he insisted that "reduction and reorganization of U.S. bases is a top priority task to be achieved."

Regarding his comment that Okinawa should "coexist with U.S. military bases," he explained: "I did not mean that Okinawa should coexist with bases under the present conditions, but I used this expression to indicate an opposite idea to the anti-Japan-U.S. Security Treaty stand, and the removal of all the military bases on

Okinawa. Furthermore, he said: "But I did say that eliminating all the bases is not a realistic idea considering the strategic importance of Okinawa."

Hoshuyama continued explaining his remarks made at a press conference held in Naha on 9 September: "Even if we try to resolve these base-related problems by next year, the 50th anniversary of the end of World War II, as Okinawa requested, it is difficult to promote the reduction and reorganization of the bases because Okinawa's anti-Japan-U.S. Security Treaty stand and determination to remove U.S. bases leaves little room for constructive dialogue. I would like Okinawa to change its direction to accept coexistence and make coordination among cities and towns on Okinawa by taking an overall viewpoint as a whole prefecture. After that, we could promote discussions on the reduction and reorganization of U.S. military bases. This is what I meant at the press conference."

Bank Executive on Economic Relations With U.S.

OW1409233394 Tokyo TOKYO SHIMBUN in Japanese 4 Sep 94 Morning Edition p 1

[Article by Bank of Tokyo chairman Toyoo Gyoten: "The Future of the U.S. Economy and the U.S.-Japanese Relationship"]

[Text] The United States Federal Reserve Board (FRB) raised both the official interest rate and the federal fund (FF) interest rate by 0.5 percent on 16 August. This was a measure to prevent the U.S. economy from overheating and to keep inflation from surging ahead. But the economy is quite bullish. The real growth rate of the general domestic product (GDP) for the first and second quarters of this year has been over 3 percent. Expansion is exceeding the latent growth rate (about 2.5 percent). As a result, the rate of operation for plants has risen. If this trend continues, it is feared that a bottleneck in supply may occur. Also, employment, which had been stagnant until last year, has been increasing substantially. The unemployment rate is at the lower end of the 6 percent range: For the United States, this is almost a full employment level. Excessive consumption has been continuing: Individual consumption has been moving upward, and the family savings rate is the lowest in the post-war period. At the same time, the cost of international primary products, such as crude oil, has been rising. It is certainly possible that the economy is going to overheat.

As for the latest interest, there was also an element of political consideration. The reason that both the congress and White House (presidential office), which normally would not favor an interest hike, went along with the hike was that August was the last time for action to minimize a Democratic defeat in the mid-term election, which will be held in November.

As far as we can gather from the current situation, the latent growth rate, or even higher, in the upper 2 percent range, will continue in the U.S. economy from this year into next year.

But that does not mean that there are no uncertain elements. One is the cheaper dollar. The possibility remains that the cheaper dollar will have a negative influence on the bond market and raise long term interest rates, cool investment in plant and residential construction, and hurt the economy. For that reason, the United States recently has been sensitive to the exchange rate of the dollar and has not "talked down" the dollar; in other words, they do not make intentional comments designed to pull down the exchange rate of the dollar.

On this point, however, the Japanese media is still arguing that the U.S.-Japan economic framework talks will not succeed and the United States will verbally intervene and apply pressure on the high yen. But the United States Government is rather sensitive about such reports. That is to say, the U.S. side wants to avoid the further decline of the dollar, caused by an unsuccessful conclusion to the framework talks. Today, the majority opinion is that the further decline of the dollar is not a positive factor for the Clinton administration, nor for the U.S. economy. As for the framework talks, out of the three priority fields, it is the hardest going in the automobile field, but the government procurement and insurance fields will be concluded by the end of September and sanction measures against Japan will not be invoked. At least, I can definitely say that the U.S. side does not want a situation in which the framework talks fail, U.S.-Japan friction intensifies, and the dollar goes down.

One point which worries me is the trend of U.S. political developments after the mid-term election. The support rate for the Clinton administration is down, due to the clumsy handling of foreign policy, slow action on health insurance system reform, various scandals, and so on. And there is a good possibility that the Democratic Party will lose substantially in the mid-term elections. If that happens, the next hurdle will be the 1996 presidential election. By early next year, the people's interest will rapidly focus on the presidential election. Along with that, it is unavoidable that policy will be aimed toward domestic consumption and slanted to achieve victory in the election.

At that time, if the U.S.-Japan relationship is, as a whole, going well, then it will be OK. But if that is not the case, the possibility arises that policy toward Japan could be determined on the basis of whether it is advantageous or disadvantageous in terms of the election. The basic concept of protecting free trade and valuing the overall U.S.-Japan relationship will be blown away.

The Japanese Government must demonstrate clearly to the world and the Japanese people that it will honor its pledges to do whatever it promises within a definite time frame.

To prevent the U.S.-Japanese relationship from being sacrificed for U.S. domestic politics, what is needed for Japan and for the world is an early recovery in business conditions and the reduction of the Japanese surplus. To

achieve that, Japan promised revision of the tax system, deregulation, and increased public investment. What is most important for Japan now is to determine quickly the concrete content of these three measures and to elucidate an action program.

Igarashi Addresses Bid for Permanent UNSC Seat

OW1509043994 Tokyo MAINICHI SHIMBUN in Japanese 14 Sep 94 Morning Edition p 1

[Text] Chief Cabinet Secretary Kozo Igarashi held a news conference on the afternoon of 13 September and commented on the issue of Japan's bid for permanent membership in the UN Security Council [UNSC]. Regarding Japan's assertion that nonparticipation in "military operations that are tantamount to the use of force" would be a precondition to its becoming a permanent member of the UNSC, Igarashi said: "Activities banned by the current UN Peacekeeping Operations (PKO) Cooperation Law and activities that are tantamount to the use of force as prohibited by the Constitution do not overlap."

He thus clarified that Japan's participation in the UN peacekeeping forces (PKF)—currently banned by the UN PKO Law—does not conflict with the condition for its gaining permanent membership in the UNSC.

Taiwan Vice Premier's Presence at Asiad Opposed

OW1509094094 Tokyo KYODO in English 0923 GMT 15 Sep 94

[Text] Beijing, Sept. 15 KYODO—China on Thursday [15 September] voiced opposition to the forthcoming visit to Japan by Taiwan's Deputy Premier Hsu Li-teh to attend the Hiroshima Asian Games set for Oct. 2-16.

"In disregard of the solemn positions of the Chinese Government, the Japanese Government decided to allow Hsu Li-teh and other important political figures of Taiwan to visit Japan. The Chinese Government cannot accept this," Foreign Ministry spokesman Shen Guofang said at a weekly briefing.

"It must be pointed out that no matter under what name Hsu Li-teh visits Japan, such a visit carries a clear political motive and is a deliberate attempt by the Taiwan authorities to create a political incident," he said.

Hsu has applied for an identification card from the Hiroshima Asian Games Organizing Committee as an official of a committee inviting the 2002 Asian Games to Taiwan.

Shen's statement came a day after Taiwan President Li Teng-hui agreed not to accept an invitation from the president of the Olympic Council of Asia, Ahmad al-Fahd, to attend the Oct. 2-16 games.

Fahd issued Monday a statement saying that "no political figure will be invited" to the games, a decision welcomed by China, despite the fact that it was not clear whether Li would attend as a private citizen.

Thursday's Foreign Ministry statement further said that the Taiwan issue concerns the sovereignty of China and "the great cause of China's national reunification."

China holds that Taiwan is an inseparable part of China and refuses to accept any political movement which aims at creating "two Chinas," or "one China, one Taiwan."

"We again solemnly request the Japanese Government to abide by the principles enshrined in the Sino-Japanese Joint Statement (establishing diplomatic relations) and reconsider the proposed visit of Hsu Li-teh to Japan," Shen said.

Such actions will "prevent the normal development of Sino-Japanese relations from being impaired and prevent disruptions to the smooth running of the Asian games," he said.

Taiwan Not To Boycott Hiroshima Games

OW1409135394 Tokyo KYODO in English 1332 GMT 14 Sep 94

[Text] Tokyo, Sept. 14 KYODO—Taiwan will not boycott next month's Hiroshima Asian games even if president Li Teng-hui is not able to visit Japan to attend the Oct. 2 opening ceremony, a Taiwanese official said Wednesday [14 September].

"Vice Premier Hsu Li-teh is scheduled to come (to Japan). There is no reason for the Taiwanese delegation to boycott," said Chang Chao-ying, Public Relations Department director of the Taipei Economic and Cultural Representative Office in Japan.

The Olympic Council of Asia (OCA) on Monday in effect retracted its invitation to President Li, saying in its official statement no political figures will be invited to the Oct. 2-16 games except those from host country Japan.

The Asiad organizing committee is likely to issue an identification card for the vice premier as a guest of the Chinese Taipei Olympic Committee.

Chang expressed dissatisfaction with the OCA's statement, saying, "because the OCA once invited President Li, it is natural for the OCA to send a letter to us or dispatch an official to cancel the invitation."

However, the official said Taiwan "will not take any radical step."

Foreign Chip Share Matches Record High

OW1409133594 Tokyo KYODO in English 1326 GMT 14 Sep 94

[Text] Tokyo, Sept. 14 KYODO—Foreign-made semiconductor chips continued to capture more than 20

percent of the Japanese market in the April-June period, with the latest figure matching the previous all-time high of 22.5 percent under a Japanese formula, a government official said Wednesday [14 September].

Foreign chip sales in Japan have been showing "a remarkable growth" in recent quarters, the official at the Ministry of International Trade and Industry (MITI) said.

The foreign share of 22.5 percent for the reporting quarter, identical to the fourth quarter of 1992, followed 22.1 percent in the October-December period of last year and 22.0 percent in the January-March quarter.

The share came to a record 21.9 percent under a U.S. method, eclipsing the previous high of 20.7 percent registered in the past two quarters.

A Japan-U.S. bilateral chip accord calls for Japan to maintain a "gradual and steady" increase in the foreign share above the 20 percent level.

Both overall chip demand and foreign chip sales are rising steadily in Japan, the MITI official said.

Japan's chip imports are smoothly expanding with particularly high rises observed in shipments from Asia and North America, the official said.

These chips are meeting brisk demand for use in such information equipment as personal computers and workstations, the official said.

The chip accord incorporates two different methods for calculating the foreign share in Japan.

The U.S. counts only on the sales of foreign chips in the open market. The Japanese formula allows a broader measurement that includes so-called "captive" sales of U.S. companies to their Japanese subsidiaries and those by Japanese companies under foreign brand names.

Tori Sato, chairman of the Users Committee of Foreign Semiconductors (UCOM) of the Electronic Industries Association of Japan, said, "the fact that foreign market share has attained this (20 percent) level confirms that foreign semiconductors are now an indispensable part of the Japanese market."

"Activities such as this (the design-in Japan-U.S. chip development program) have broadened foreign supplier participation in the Japanese semiconductor market and demonstrated that UCOM efforts are producing concrete business opportunities," he said.

In San Jose, California, Andy Procassini, president of the U.S. Semiconductor Industry Association, said,

"Japanese customers and foreign suppliers must not become complacent in the face of recent progress, but should instead strengthen their relationships and increase design-ins of foreign semiconductors at the 'heart of the system' of Japanese electronics products."

"...we must not lose sight of the 'steady progress' standard contained in the 1991 U.S.-Japan Semiconductor Trade Agreement," Procassini added.

MITI To Host Conference Promoting EU Imports

OW1509005294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Sep 94 Morning Edition p 5

[Text] The Ministry of International Trade and Industry [MITI] released a package of policies for assisting the European Union's (EU's) exports to Japan.

The package mainly consists of the following two decisions: 1) MITI and the EU Commission will host a conference of the "Committee for Trade Promotion and Cooperation" in Tokyo on 27 October and 2) Japan and the EU will jointly implement export promotion measures, focusing on the EU's strong fields—medical equipment, machine tools, distribution equipment, and furniture. The package is aimed at boosting the EU's exports to Japan to reduce Japan's trade surplus against the EU, which amounted \$26.3 billion in 1993.

The four export items were proposed by the EU Commission in its export plan entitled "Gateway to Japan." As tangible measures for boosting the EU's exports of the four items, MITI will hold importing seminars for Japanese companies and dispatch business missions through the Japan External Trade Organization (JETRO).

Nuclear Multilateral Aid Proposed for DPRK

OW1509083894 Tokyo KYODO in English 0812 GMT 15 Sep 94

[Text] Tokyo, Sept. 15 KYODO—The United States has proposed that several concerned countries including Japan, South Korea and Russia jointly provide 4 billion dollars over the next 10 years to help North Korea acquire two large light-water reactors of million-kilowatt class, sources familiar with the negotiations said Thursday [15 September].

The aid would not be in the form of grants but loans, the conditions of which would be fixed through talks as the North Korean economy is said to be in critical condition, they said.

Under the proposal, the assistance would be given on condition that North Korea freeze the building of 50,000-kilowatt and 200,000-kilowatt graphite-moderated reactors, according to the sources.

Washington has suggested to the countries concerned that they begin discussing specific details of the proposed multilateral assistance by the end of the year, they said.

The U.S. has also put forth the idea that those same countries help North Korea build petroleum-fueled thermal power stations as an alternative energy source by the time the proposed light-water reactors begin operation, and has asked Russia to provide oil for the program, they said.

Washington is likely to urge Japan and South Korea to foot the bill for more than half of the planned 4 billion dollar aid, with Japan having to pay perhaps 30-40 percent of the whole amount, the sources said.

U.S. and North Korean officials issued a joint statement in Geneva last month agreeing that Pyongyang would replace its graphite-moderated reactors with light-water ones which produce less plutonium, a key nuclear weapons component.

The statement said the U.S. "is prepared to make arrangements for the provision of the light-water reactors...as early as possible," but did not say which country or countries would supply them.

Tokyo To Provide Aid to Developing Nations

Sri Lanka: 2 Billion Yen

OW1209095194 Tokyo KYODO in English 0912 GMT
12 Sep 94

[Text] Tokyo, Sept. 12 KYODO—Japan will extend Sri Lanka a total of 2.08 billion yen grant-in-aid to help it develop a rural district and to increase food production, the Foreign Ministry said Monday [12 Sep].

Japanese Ambassador to Sri Lanka Masaaki Kuniyasu and Sri Lanka's Secretary of the Ministry of Finance, Planning, Ethnic Affairs and National Integration, A.S. Jayawardena, signed documents on the Japanese aid in Colombo earlier in the day, the ministry said.

Of the aid package, 1.55 billion yen will be extended to help Sri Lanka purchase agricultural equipments, fertilizers and vehicles to transport food in its efforts to increase food production, it said.

Another 531 million yen will be provided to help finance an integrated rural development project in Gampaha district, southwestern Sri Lanka.

The Japanese aid will be used to repair a bridge and purchase equipments to manage agricultural roads, it said.

The latest contribution brought the total amount of Japanese aid to Sri Lanka in fiscal 1994 to 5.95 billion yen.

Laos: 550 Million Yen

OW0909033194 Tokyo KYODO in English 0305 GMT
9 Sep 94

[Text] Tokyo, Sept. 9 KYODO—Japan will extend up to 550 million yen to Laos to help its efforts to increase food production, the Foreign Ministry said Friday [9 September].

Japanese Ambassador to Laos Masao Wada and Laotian Vice Foreign Minister Phongsavath Boupa signed documents on the Japanese assistance in Vientiane earlier in the day, the ministry said.

Laos will purchase fertilizers and agricultural equipment using the Japanese aid.

Food production in Laos is low because it still relies on climate-dependent methods of agriculture and because of a lack of fertilizers and machinery, it said.

The latest aid brought the total amount of Japanese grants-in-aid to Laos in fiscal 1994 to 3.6 billion yen.

Nepal: 900 Million Yen

OW1309053794 Tokyo KYODO in English 0524 GMT
13 Sep 94

[Text] Tokyo, Sept. 13 KYODO—Japan will extend Nepal a grant-in-aid of up to 900 million yen to assist its efforts to increase food production, the Foreign Ministry said Tuesday [13 September].

Japanese Ambassador to Nepal Shigenobu Yoshida and Nepal's Finance Minister Thakur Pant exchanged notes on the aid in Kathmandu earlier in the day, the ministry said.

The aid will be used to purchase fertilizers and agricultural equipment to boost food production, it said.

Central Africa: 300 Million Yen

OW1209095294 Tokyo KYODO in English 0909 GMT
12 Sep 94

[Text] Tokyo, Sept. 12 KYODO—Japan will extend Central Africa a grant-in-aid of up to 300 million yen to help its efforts to increase food production, the Foreign Ministry said Monday [12 Sep].

Government officials of Japan and Central Africa exchanged documents on the Japanese aid in Bangui, the ministry said.

The money will be used to purchase agricultural chemicals, equipment and vehicles, it said.

Effect of Deregulation on Financial Institutions

New Barrier to FRA's Feared

942A0513B Tokyo NIKKEI KINYU SHIMBUN in
Japanese 5 Jul 94 p 3

[Article by Ken Chiba, NIKKEI KINYU SHIMBUN Tokyo Economics Department reporter: "How Financial Institutions Will Fare as Industry Deregulates: Accelerate Measures To Develop FRA (forward rate agreement); Fear of New Barrier to FRA's"]

[Text] Financial institutions have now begun to accelerate concrete action to develop new products and to offer new services in response to the government's deregulation measures published at the end of June [1994]. The financial sector is one of the four priority areas targeted for deregulation along with housing and telecommunication. Progress on deregulation will most likely attract domestic and international interest because

the measure was strongly sought by Europe and the United States. This article reviews measures being taken by and future issues concerning banks, securities firms, and insurance companies.

"When will the ban be lifted on FRA's?" "Please explain the nature of FRA's." It was around the spring of this year that inquiries of this nature began to flow from clients to foreign exchange specialists of city banks.

FRA's are future delivery transactions covering interest rates which are being introduced into Japanese markets as part of the plan to deregulate derivatives transactions. In reality, leading city banks and major corporations had noted early 1993 that the ban on FRA's would be lifted. Coordination between the Ministry of Finance (MOF) and the banking industry proved to be time-consuming and lifting of the ban was delayed until October although the initial plan had called for "lifting of the ban in July." In certain quarters, information circulated which indicated a "lifting of the ban in the spring of 1994."

FRA's provide for the advance contracting of interest rates to apply to future delivery transactions and for the settlement of any differences with going interest rates at the time of the transaction. Unlike securities listed and traded on the markets, they provide for discretionary determination of transaction value and applicable period between parties involved. Unlike interest swap transactions in which fixed interest rates and variable interest rates are exchanged, settlement takes place at the time of the actual transaction, thus providing the advantage in which businesses can fix the applicable interest rate and banks can reduce settlement risks.

Currently, the Federation of Bankers' Associations of Japan is coordinating with the MOF on final provisions of the FRA's and applicable accounting standards. Leading city banks have printed prospectuses in the Japanese language and FRA specialists are visiting clients to make product presentations.

The banking industry has expressed apparent approval of the series of deregulation measures taken by the government relative to derivatives. However, critical views have also been expressed such as, "Measures to deregulate derivatives merely represent an effort by the MOF to score points."

Primary deregulation measures launched by the government in the financial sector total 43. Among them, there are seven items which relate to derivatives and futures that are growing rapidly in European and U.S. markets. However, the only forms of new products approved were the FRA and the FXA, which is the foreign exchange version of the FRA. The other items merely represent a list of measures to simplify procedures in handling financial futures transactions.

One U.S. banking official dealing in swaps looked at the deregulation measures proposed for the financial sector and commented, "The measures merely comprise a

partial improvement in transaction procedures which are complex in comparison with Europe and the United States. It would be an exaggeration to refer to such changes as deregulation." Even Japanese banking sources view the changes as, "Although back office tasks may be reduced somewhat owing to the integration of ledgers and curtailment in records holding periods, the deregulation measures have no effect on bank operations per se."

Fears have also surfaced that "deregulation may encourage renewed regulation contrary to expectations."

One city bank source reveals, "Foreign banks have already commenced trading in FRA's in the Japanese markets." In Japan, Japanese banks have "restrained" FRA transactions because of the "speculative nature of transactions that anticipate future interest rate trends." However, there were no laws that regulated activities associated with FRA's. The view is that, "the inclusion of FRA's in the deregulation measures could lead to rendering the regulation of derivatives which similarly represent a grey zone an established fact."

An example is the equity swap which covers the exchange of profits arising out of fluctuations in interest rates and stock indices. Foreign banks and the Mitsubishi Bank have already commenced transactions in the Japanese domestic market, but they are viewed as grey-zone transactions by MOF sources who say, "They can be considered over-the-counter stock options and possible violations of the Securities and Exchange Law."

There are cases in which the MOF has applied pressure over banks that contemplated commencement of operations as new participants by saying, "We hope you are not thinking of engaging in equity swaps." Most city banks have hesitated and decided to "wait for the lifting of the ban on FRA's." In some respects, progress in new sectors which enable the avoidance of risks by working across banking and securities demarcation lines has been retarded.

In Europe and the United States, banks have engaged themselves in a competition to exploit derivatives trading as a means to reduce risk. Some European and U.S. banks have already moved their branches to Hong Kong because of an aversion for regulations imposed on the Tokyo markets. Japanese banks have sensed an increasing crisis, noting that "if potentially useful derivative transactions are regulated, it may lead to a weakening of the Tokyo markets." There is a need to formulate clear-cut and uniform standards for product regulation and additional deregulation measures to eliminate differences with overseas markets.

Primary deregulation measures relative to derivatives (target implementing date):

1. Introduction of FRA's, FXA's (October).
2. Change in approval process for financial futures products from individual approval actions to approval by type of transaction (July).

3. Simplification of financial futures transactions reports (July).

4. Transition to an independent regulating system handled by securities firms, banks, and associations in the area of standards for handling clients and rules for processing financial futures transactions (July).

Slow To Establish Liquidity

942A0513C Tokyo NIKKEI KINYU SHIMBUN in Japanese 6 Jul 94 p 3

[Article by Yasuyuki Maeda, NIKKEI KINYU SHIMBUN Tokyo Economics Department reporter: "Lack of Progress in Establishing Liquidity for Loans—Hostile Response From Home Loan Specialists"]

[Text] *"We cannot expect rapid progress in attaining liquidity for loans even under deregulation. Even the MOF should be aware of this fact." Comments such as these from financial institutional sources reflect only minimal enthusiasm, despite deregulation of mortgage-backed bond trusts.*

Minimal Enthusiastic Commentary

The mortgage-backed bond trust represents a financial product that was introduced in 1973 by the financial industry. Banks and housing loan specialty firms consign mortgages to trust banks that convert them into mortgage-backed certificates and sell them to investors. One might call them forerunners of products to add liquidity to loans placed in trust.

The balance of mortgages placed in trust on industry as a whole peaked at about 380 billion yen. Recently, housing loan specialty companies, which are the primary players in the mortgage trust sector, have run into operating difficulties, and as a result, the balance of mortgages placed in trust fell to about 60 billion yen as of the end of March 1994.

The MOF in the past has limited mortgage trusts to loans exceeding five years with fixed interest rates (except housing loan specialty company loans of less than five years duration were permissible) in order to avoid competition with bank debentures, but in a bulletin issued in June [1994], it added as permissible for handling by trusts the loans with variable interest rates and loans of less than five years duration. The action was taken to relax regulations because of the assessment that an increase in the number of borrowers who opted for variable interest rate housing loans and increased diversification of financial products made it impossible to realize an increase in mortgages with loans limited to the fixed-interest-rate type.

Even City Banks Are Not Enthusiastic About Establishing New Mortgage-Backed Bonds

However, the response of housing loan specialty companies was unenthusiastic relative to the recent deregulating actions. Nippon Housing Loan Company which

has prepared a reconstruction plan spanning the next 10 years stresses, "The 10-year program includes provisions for procuring capital, but it does not contain provisions for the establishment of mortgage-backed bonds." Even Daiichi Housing Loan Company takes the position that "We welcome the expansion of permissible products in general, but it will be difficult to establish new mortgage-backed bonds under our reconstruction plan."

Housing loan specialty companies during the bubble economy period used funds raised with mortgage-backed bonds to make loans to companies such as those engaged in real estate operations and eventually wound up with huge amounts of nonperforming loans. Housing loan specialty companies are now in the throes of recalling bad loans and reducing their assets, and trust banks are in the process of asking housing loan specialty companies to repay the principal on mortgage-backed bonds which have become due.

Even city banks that handle housing loans are passive about establishing new mortgage-backed bonds. It seems that city banks feel there is no advantage in reducing assets by separating mortgage-backed bonds, which are considered high-grade loans, from parent company records in that their equity ratio currently exceeds the 8 percent minimum requirement of the Bank of International Settlement (BIS).

Even among trust banks which serve as trustees, the majority view is that there is little potential for a sharp rise in the mortgage-backed bond markets based on deregulation. A Mitsubishi Trust Bank source states, "If proposals for new mortgage-backed bonds are presented, we will respond aggressively," as potential trustee, but there are no signs of concrete moves in that direction at the present time.

Problems Associated With Handling of Bonds

If action is taken to add variable interest rate provisions to mortgage-backed bonds, there are issues which must be covered in the actual handling of such bonds. In the case of fixed-interest-rate type of housing loans, trust banks are able to estimate definite revenues and specify the dividend rate to investors in the trust certificates.

However, in the case of variable-interest-rate bonds, the revenues cannot be estimated beforehand, and there is even the potential that receivable interest may accumulate. Trust accounts which reflect revenues and expenditures of trust operations are maintained on a single-year basis and provisions for interest receivable do not exist, leaving unresolved the issue of how to dispose of the item at settlement time.

Irrespective of mortgage-backed bonds, the liquidity of loans and leases can have a decisive effect on the future of the financial industry, but most quarters feel that markets will not expand even if European and U.S. methods are introduced into Japan. The financial industry is exerting efforts in developing new methods to

add liquidity to bonds, and deregulation will accelerate such movements. However, deregulation which lacks a clear-cut concept runs the risk of creating chaos. It is probably important that the government avoid make-shift deregulation under foreign pressure and take early action to specify the future direction of reforms applicable to this sector.

Winning Bid Subsidiaries Thrive

942A0513D Tokyo NIKKEI KINYU SHIMBUN in Japanese 8 Jul 94 p 3

[Article by Kenichi Kawahara, NIKKEI KINYU SHIMBUN Tokyo Economic Department reporter: "Self-Winning Bid Encouraged by Subsidiaries"]

[Text] *"Under these conditions, we can 'openly place winning bids.'" These are the words mumbled by an officer of a leading financial institution when the concept for the establishment of wholly owned subsidiaries was announced for the purpose of disposing of collateral real estate through the use of competitive bidding processes.*

Recently, methods for disposal of bad loans by banks have been diversified. First, in March 1993, the Joint Credit Purchasing Agency was established. Since use of the joint purchasing agency's services has an effect which is similar to a write-off, disposal of bad loans through the agency in the year ending March 1994 exceeded disposals of bad loans in any prior year.

Subsequently, methods devised for disposal of bad loans were extended to that which provides for the use of special purpose companies to dispose of loans on which interest payments have been reduced or exempted and to that which provides for "self-winning bid companies" that use competitive bidding systems.

Local Banks Display Animated Enthusiasm

Disposal of bad loans using self-winning bid companies represents the placement on auction collateral real estate on which loans held by banks have fallen into nonperforming status and the winning of the bid for the real estate by the bank's self-winning bid company at the minimum bid price specified by the bankruptcy court. The difference between the collateral's book value and winning bid price can be treated as a write-off after negotiating with the government tax authorities. The bank finalizes the recovery of its investment when it sells the real estate, which it purchased through a winning bid, to a third party.

Local banks have displayed a special interest in this system. The Regional Banks Association of Japan is compiling detailed information and questions on the self-winning bid company concept and planning to visit the MOF after the middle of the month to seek clarification from that agency. A source at a local bank in the Kanto region states, "The move indicates that local banks are going to emphasize the use of the self-winning bid company concept."

As indicated by a source at a trust bank, the self-winning bid concept has been used by many banks as reflected in his statement, "Even in the past the self-winning bid concept has been practiced through the use of affiliated firms." The source states further, the subsidiary concept will have the foremost advantage of "enabling use of the system without resort to surreptitious measures."

Another attractive feature of the self-winning bid company concept for banks is that approval has been issued for them to "take actions of an indispensable nature to maintain and enhance values," such as the purchase of contiguous land, implementation of property improvement actions, and the performance of land reconfiguration projects.

Normally, the majority of the property consigned to competitive bidding is the subject of complex debtor-creditor relationships or rendered undesirable because of predatory exploitation resulting from failed price manipulation actions and not readily marketable. Some quarters place hope on the system because it "affords the opportunity to promote sales of such properties through commercialization actions," and it may lead to adding liquidity to the slow commercial real estate market.

Consideration Given to Real Estate Industry

On the other hand, pessimism has surfaced. "Limiting the winning bid designation period to five years renders questionable the feasibility of completely disposing of the bad loan issue." An official of a city bank used these words in expressing his concern over the time limit imposed on the life span for self-winning bid companies. His concern is based on the fact that the winning bid designation period for collateral real estate has been limited to five years, the life span of the companies has been restricted to a 10-year maximum, and the self-winning bid company's purpose is limited to "specializing in the disposal of bad loans."

Self-winning bid companies had been opposed by the real estate industry and the Ministry of Construction from the conceptual stage because "they represent approval for banks to engage in real estate operations." Because of such opposition, consideration was given to the real estate industry and the decision was made to establish self-winning bid companies in a somewhat incomplete format.

Properties subject to auction in the 23 wards of Tokyo continue to increase and reached a high of 5,543 cases in 1993. The courts have increased staffing in order to cope with the growth of auction cases, but they are unable to keep up with the growing number of cases, and a leading local bank states, "It takes considerable time to reach the initial bidding stage." If the time frame for the winning-bid companies is limited, properties may not be disposed of under desirable conditions.

City Banks Assume Cool Posture

Further, at this point it is unclear as to what will happen if collateral real estate repurchased through auctions fail

to be disposed of within the 10-year maximum life span imposed on the self-winning bid companies. There is the fear that the life span of the companies will have to be extended under such circumstances.

Because of such potential problems, city banks have assumed an unexpectedly cool attitude, even though self-winning bid companies have been approved by the MOF bulletin of 1 July. Aside from the announcement by the Dai-Ichi Kangyo Bank to form such a company during July, most of the leading city banks say they are "studying" the idea. Some banks even take the passive stance that "There is little need to rush into the establishment of such companies."

Disposal of bad loans using the self-winning bid company process is completed when the property involved is sold to a third party, similar to disposal actions taken through the use of the Joint Loan Purchasing Agency. Even now, the purchasing agency is experiencing difficulty in recovering funds underlying the loans and the possibility is strong that the self-winning bid companies will face similar difficulty in the final sales of underlying assets.

Further, since the launching of the purchasing agency last year, the value of loans purchased by the agency reflect the decline in land prices and as of May had fallen to 29 percent of the principal reflected in loan documents. Losses incurred when selling loans are accounted for as a recurring expense, meaning that similar actions with self-winning bid companies will have a depressing effect on bank profits. It appears that financial institutions with a fragile asset structure will not be able to utilize the proposed system.

ALM To Serve as Key Strategy

942A0513E Tokyo NIKKEI KINYU SHIMBUN in Japanese 14 Jul 94 p 3

[Article written by Yusuke Yoneyama, NIKKEI KINYU SHIMBUN Tokyo Economics Department reporter: "Asset-Liability Management To Serve as Key to Independent Strategy"]

[Text] "Bank A is supposedly going to issue variable rate loans that fall 0.3 points below the going rates for that type loan."

"Bank B appears to be readying fixed-rate, low-interest loans coupled with interest rate swaps for addition to its bevy of housing loan products."

Now that the MOF has completely deregulated private housing loan rates as part of the deregulation of the financial sector, city banks have one eye on the competition as they rush to prepare a variety of new housing loan packages.

A leading city bank has prepared over 10 different types of loan packages, and it is expected to commence the issuance of such loans as early as the end of this month or some time next month.

In the past, city bank housing loan interest rates for the variable type were based on the long-term credit bank long-term prime rate which is currently at 4.4 percent. Now that the MOF Banking Bureau director's bulletin on interest rates will be abolished, banks will be empowered to independently set housing loan interest rates on a discretionary basis. Erstwhile copy-cat interest-rate patterns will be dissolved, and each bank will challenge the competition with strategies covering independently designed loan packages.

However, as an officer at a leading city bank admits, "There cannot be a complete absence of standards, in consideration of the banks' overall asset-liability management requirements. It appears most banks will replace the long-term prime with the short-term prime rate currently at 3 percent as a standard and add a certain premium over that rate.

The foremost headache is the establishment of interest rates. The banks are in the process of studying the initiation of new loans at rates lower than those prevailing now, in view of the fact that "customers will not accept loans that fail to drop despite deregulation." Variable housing loan interest rates based on the long-term prime are currently at 4.4 percent per annum, but unless going rates change, variable interest rates based on the short-term prime are expected to run at 4.1 to 4.3 percent per annum.

However, a loan officer at a leading city bank confesses, "There are differing views on how far private sector banks should go in competing with low-interest rate loans in the face of low-interest, fixed loans offered by the Housing Loan Corporation." There is the strong possibility that differences in interest rates set by banks will arise, depending on how much emphasis is placed on housing loans.

Variances are also visible in the response displayed in developing a range of housing loan packages. Since the beginning of 1994, some city banks such as Sanwa, Sumitomo, and Sakura have introduced five- to 10-year fixed rate housing loans with rates set below previous lows combined with interest rate swaps, but there are some city banks that concentrate on variable rate loans "because customers have difficulty in comprehending the combined package type loan."

Difference in ideas of this nature seem to be making themselves obvious in connection with the diversification of time frames for medium- and long-term deposits that have been made a part of deregulation measures along with decontrol of housing loan interest rates.

Presently, there are medium- and long-term deposits of four-year duration, but from October of 1994, approval will be issued for deposits that run as long as five years. Such deposits will, in reality, compete with interest-bearing bank debentures issued by long-term credit banks.

Further, if deposit period extensions are approved for variable-rate deposits which are now limited to three years, they will compete with loan trusts offered by trust banks, and there is the possibility of an overheating of competition between banking categories in the race for funds.

According to a leading city bank source, city banks are apparently welcome the recent diversification of time frames for deposits "as evidence that deregulation has advanced considerably among various banking categories" and plan to compete with long-term credit banks with a variety of products.

However, interest rates are currently at historically low levels and very few funds are flowing into time deposits of two or more years duration. Some banks admit, "We will offer five-year medium- to long-term deposits but hold out very little hope that they will be used."

The majority of banks feel that deregulation of interest rates and time frames for financial products will encourage competition between banking categories and differentiate between the strong and the weak. An issue is the ALM system which is now incomparably complex in contrast to the days when banks were tightly regulated. The question is, what sort of time frames and interest rates will be offered for deposits and what sort of products will be offered? Urgently required at this point is the construction of a collective capital management system based on each bank's long-term strategy.

Fees, Insurance, Others Viewed

942A0513F Tokyo NIKKEI KINYU SHIMBUN in Japanese 15 Jul 94 p 3

[Article by Hiroshi Toyoshima, NIKKEI KINYU SHIMBUN Tokyo Economic Department reporter: "Deregulation of Fees, Insurance Companies Slow To Act, Corporate Sector Deregulation To Come First, and Reaction From Foreign Capital"]

[Text] "The contents of this plan are identical to the External Economic Reform Outline issued at the end of March." An official of a leading casualty insurance company displayed a sigh of relief as he made this statement after looking at the deregulation measures issued by the government at the end of June [1994] covering items such as expansion of the scope of deregulation of insurance premiums. "We have no choice but to accept deregulation in the corporate sector, but a uniform premium system should be retained for the individual sector," is a comment heard from another leading casualty company executive, reflective of prevailing comments resisting deregulation from that industry group.

Deregulation of insurance premiums is falling into two groups. The first group involves the Insurance Premium Assessment Council which has arrived at an applicable premium rate by calculating costs for paying off claims and administrative expenses and covers the principal

areas of fire, casualty, and automotive insurance where the industry applies uniform premiums. Concurrent with implementation of revisions to the Insurance Business Law in 1996, variances of 20 to 30 percent in premiums charged will be allowed relative to a predetermined range based on intercompany differences in expenses incurred by insurers.

A consensus is being formed in the industry for fire insurance coverage of large factories as part of the deregulation moves. However, a leading casualty insurance company president expresses a prevalent view by saying, "We should limit deregulation of premiums to those categories where risk factors can be determined on an individual basis," reflecting an attitude that the industry is extremely negative in expanding deregulation to personal categories such as automotive insurance.

The second group of premiums involve those that are not being covered by the Insurance Premium Assessment Council study and cover insurance products where the recent deregulation measures call for "expansion of standard premiums and discretionary premiums." Premiums paid for individual insurance products such as annuity-casualty reserve insurance are approved in the form of a "premium range" allowing the charging of premiums within a predetermined scope, but premiums are actually set uniformly for each type of insurance product and reflect strong evidence of regulated premium rates. On the other hand, there are products in which premiums are established in accordance with "standard premiums" based on the judgment of each company after obtaining approval of a premium rate which serves as a guide and insurance products where "discretionary rates" apply based on conditions contained in the insurance contract. These latter insurance products are easily amenable to reflection of operating costs and judgments of the respective firms.

In the past, marine insurance and aviation insurance were subject to both standard premium and discretionary premium rates, and the MOF has assumed the posture that "The ministry will approve rates in the sequence that premium applications are received."

However, the casualty insurance industry is lacking in specific actions. As an example, in the first part of July, Yasuda Fire and Marine Insurance Company and CONAM Japan Casualty Insurance Company obtained approval for "Long-Term Casualty Income Loss Compensation Insurance," a first of its kind in Japan, with a "premium rate range," and in the future if other companies offer the same type of insurance, the probability is that the same sort of premium structure will apply.

According to Chairman Takeshi Ishii of Mitsui Marine and Fire Insurance Company, "The uniqueness of insurance products will serve as an important point in the incremental deregulation of insurance premiums." The opinion is prevalent that deregulation should be considered concurrent with a transition to a product marketing notification system vice approval system. The scope of

the insurance sector to become subject to the notification system will be specified as "those sectors which contain minimal concern for the protection of the insured," but the exact breadth of this scope is still subject to definition and does not allow for procedural changes during the two years before implementation of the revised insurance law.

In contrast to the slowness of the domestic insurance industry to respond, foreign-affiliated insurance companies have reacted forcefully. The Foreign Liability Insurance Association (FNLIA) composed of foreign-affiliated casualty insurance companies such as AIU asserts, "In the case of the deregulation of banking activities, changes relative to interest rates and fees were carried out in accordance with a preannounced schedule. In connection with the deregulation of insurance products and premium rates, the government should preannounce the type of products and schedules under which changes are to be implemented."

In contrast, a leading Japanese casualty insurance company official displays strong aversion to deregulation in commenting, "In the United States where the insurance industry was deregulated, they have had cases where insurers refuse to provide coverage. In Japan, insurance premium levels for automotive and fire insurance are low based on an international comparison and the current insurance system for these areas provides for interests of the insured."

However, in contrast to demand for deregulation by foreign-affiliated insurers as exemplified in a move to deregulate the insurance sector in the European Union, the domestic insurance industry is undeniably taking a defensive position. According to industry sources, Chairman Greenberg of U.S. casualty insurer AIG, who came to Japan to attend the Japan-U.S. Businessmen's Council meeting, returned to the United States after leaving a message stating, "Future consideration should be given to deregulating automotive insurance."

There is the possibility that foreign-affiliated insurers' demands for decontrol will spread rapidly, and the domestic casualty insurance company will be faced with the need to take further actions in coordination with deregulation of the financial industry as a whole.

Deregulate Unsecured Bonds Further

942A0513G Tokyo NIKKEI KINYU SHIMBUN in Japanese 19 Jul 94 p 3

[Article by Hisatsugu Nagao, NIKKEI KINYU SHIMBUN Tokyo Securities Department reporter: "Further 'Deregulation' of Unsecured Bonds; Accountability of Investors Questioned"]

[Text] "Deregulation? Yes, as I recall something did take place." This statement reflects the fact that the announcement by the MOF [Ministry of Finance] on 28 June [1994] on the deregulation of the securities industry hardly caused a ripple among securities industry sources.

As stated by Managing Director Akira Ogino of Nomura Securities, "Basically, we welcome any kind of deregulation," is the industry's official posture, but as a leading underwriter source states, the recent deregulating actions did not cover anything new, and we did not expect them to." The securities industry reaction was sober.

The recent deregulation action focused on revisions to the financial restrictions for issuance of standard bonds (SB), convertible bonds (CB), and bonds with warrants attached (WB) and relaxation of standards for issuance of unsecured bonds. In the past, when a firm with a BBB rating issued a unsecured SB or WB, it was required to have net assets exceeding 20 billion yen; and for issuance of CB, it was required to have net assets in excess of 10 billion yen, but these conditions have now been abolished. Roughly speaking, firms with a BBB rating are now considered "first-class firms," and they are eligible to issue unsecured bonds under more favorable terms.

In reality, the viewpoint exists that the number of "firms eligible to issue unsecured bonds" that are listed on the major exchanges or whose stock is traded in the over-the-counter market will increase from around 1,000 to the 1,700-1,800 range. The change should provide for greatly expanded opportunities for securities firms that handle underwritings.

Notwithstanding, response from the securities industry is muted. The reason is that the recent deregulation actions did not go beyond "preordained policy items."

It is said that "investors self-accountability rule" has not been established in Japanese bond markets. The MOF had established restrictions in terms of bond qualification standards and financial conditions for the purpose of preventing the haphazard issuance of unsecured bonds which could lead to huge losses in the event of default. However, the system has been the target of criticism such as, "They are systems which do not exist in Europe or the United States," and "the systems obstruct market expansion" and have been relaxed incrementally in recent years as part of the overall movement to deregulate.

The qualification standards for unsecured SB's and WB's were lowered in November 1990 from "net assets exceeding 33 billion yen and an A rating" to "a firm with an A rating," and subsequently lowered in April 1993 to "net assets exceeding 20 billion yen and a BBB rating." Qualification standards for CB's were also relaxed under the same schedule. The recent changes were extensions of prior relaxation actions.

The recent relaxation of rules concerning net asset standards carries the strong potential to stimulate issuance of CB's by relatively small firms with growth potential. A source at Yamaichi Securities reveals, "Already several inquiries have been received about possible issuances." Already, more than 40 CB issues were floated in the Swiss markets this year, and more than one-half of the

issuers were small and medium-sized over-the-counter-traded firms, leaving the possibility that some of these issues will flow back to domestic markets.

However, most sources take the position that the changes have little effect on SB's floated by mature issuers. As an example, issuance of unsecured SB's by BBB-rated firms became possible in the relaxation of rules that became effective in April 1993, but it was not until about a year later that such an issue was marketed. Many investors are hesitant about purchasing industrial bonds of BBB-rated firms, and underwriting securities firms have maintained their cautious stance. A majority opinion states, "The effects of relaxation are limited" because rules continue to remain which provide that secured debt must be limited to less than 25 percent of net assets.

The attention of market sources is focused more so on the relaxation actions scheduled for March 1995. The reason is that the MOF has for some time declared, "The ministry will complete a basic review of bond qualification standards by the end of this fiscal year."

The question is, from April of next year, will we see further relaxation of financial conditions such as on the remaining requirements for collateral, or will bond qualification standards themselves be abolished, enabling the issuance of bonds rated below BBB? Although details are not available at this time, there is no mistaking the possibility that provisions for issuance of unsecured bonds will be expanded.

Increased attention is now focusing on "investors self-accountability rules," along with progress on relaxing bond qualification standards. In the past, even if industrial bonds were defaulted, as long as they were secured, losses to investors could be minimized by the repurchase of bonds by the trust bank. We cannot deny that investors' sensitivity to risk was paralyzed because of such provisions. Currently, if an unsecured bond should be defaulted, a leading securities firm source reveals, "The potential for 100-percent redemption is almost nihil." As the number of firms eligible to issue unsecured bonds increases, we witness a rigid challenge of securities firms' ability to evaluate proposed offerings, for banks to enhance their bond management capabilities, and for investors to make sound investment decisions.

The following is a summary of the current relaxation actions:

1. Abolishment of the requirement for net assets exceeding 20 billion yen for the issuance of unsecured SB's and WB's rated BBB.
2. Abolishment of the requirement for net assets exceeding 10 billion yen for issuance of domestic unsecured CB's.
3. Lifting of the ban on Euro-yen SB's secured by a parent firm.

4. Expansion of the currency swap transactions by securities firms to bonds other than the SB category.

Capital Procurement by Insurers

942A0513H Tokyo NIKKEI KINYU SHIMBUN in Japanese 20 Jul 94 p 3

[Article by Haruko Mori, NIKKEI KINYU SHIMBUN Tokyo Securities Department reporter: "Capital Procurement by Life, Casualty Insurers To Be Facilitated Through Securities Markets"]

[Text] "An effective means has been established for raising of capital in securities markets." Vice President Fumio Shota of Nippon Life Insurance Company used these words to emphasize the major significance of the lifting of the ban on floating of commercial paper (CP) by insurance companies. In reality, the lifting of the CP ban for life and casualty companies, which had been made a part of the deregulation measures scheduled for June, was implemented ahead of schedule in April. For the future, the MOF is also considering the approval of CP issues by foreign securities firms' branches in Japan which are guaranteed by their parent firms.

CP issued by insurance companies started with an initial issue by Koa Fire and Marine Insurance Co. in May and has been followed by Yasuda Fire and Marine Insurance Co., Sumitomo Marine and Fire Insurance Co., Chiyoda Fire and Marine Insurance Co., and Nissan Fire and Marine Insurance Co. for a total of five casualty insurers, and by two life insurance companies including Nippon Life Insurance Company and Meiji Life Insurance Company. Such issuances totaled 85 billion yen.

Managing Director Yoshiteru Ohashi of Meiji Life Insurance Company which raised 10 billion yen in three-week CP in July commented, "We were able to absorb fluctuations in our capital requirements occasioned by the bulging life insurance maturities in July." Life insurance companies were previously faced with the need to dispose of bond holdings to provide for interim funding requirements and the resultant degradation of management efficiencies associated with investment portfolios. The lifting of the ban on CP's relieves them of this problem. Use of capital raised through the issuance of CP's will be limited to the payment of insurance benefits and dividends. Further, the MOF has imposed a limit of 1-2 percent of total assets as the limit for issuance of CP which is applicable separately for life and casualty insurance operations. However, in the event of a major disaster and insurers are faced with the need to cover increased compensation benefits, casualty insurers may issue CP's under a separate limitation. A source at a leading casualty insurer states, "We are not concerned about the restrictions on CP issuances."

The question is, why are insurance industry sources uniformly enthusiastic about the lifting of the ban on CP's, despite the existence of a variety of restrictions? The reason is that, in the past, insurance company

sources for capital were centered on premium revenues, and they were faced with a situation in which they "were almost totally banned" from raising capital in securities markets. Of special note is that life insurance companies already comment that "the groundwork for issuance of mutual company bonds" has been laid because they can now issue securities and raise funds in the markets.

Principal capital procurement measures currently authorized life insurance companies include bond repurchase agreements, bank overdrafts, and impact loans. However, these measures were unpopular among financial specialists as reflected in the comment that "they were inconvenient."

Bond repurchase agreements were inconvenient because of the heavy tax burden. A three-ten thousandth securities transaction tax is imposed on the transfer price of bond repurchase agreement trades, with the exception of short-term treasury bills (TB) and government short-term securities (FB). The cost of the two-way securities transaction tax is absorbed by the life insurance company acquiring capital through the sale of a repurchase agreement. Further, the cost of the securities transaction tax increases to eight-ten thousandth for trades used to recall bonds by way of repurchase agreements via a securities firm. When raising capital for one month, the cost of using bond repurchase agreements, according to a source at Nippon Life Insurance Company, "would be 0.7-0.8 points higher than if CP's were used."

When corporate loans by life insurance companies grew in the first half of the 1980's, they had no choice but to make frequent use of bond repurchase agreements to raise the necessary capital. They strived to keep costs comparatively low by maximizing the duration of agreements to three to six months. Casualty insurance companies were unable to utilize repurchase agreements because of the need to protect their tax benefits in the form of "deductions for interest paid on debt."

Initially, bank overdrafts were limited to one business day, but this limit was later extended to 10 business days. Even then, a financial officer at a medium-size life insurance company states, "Bank overdrafts were difficult to use" because one could not extend such overdrafts beyond the end of the month when funds shortages often occurred.

The use of impact loans were limited to foreign exchange risk hedges. When capital was rolled over, impact loans could be used only for time deposits or purchase of government bonds from banks and would result only in "compensating balances." This situation led to a rising cry for "a means by which to raise capital at a low interest rate from markets to prepare for emergencies."

These circumstances led to the inclusion of provisions for lifting the ban on CP's in the 1992 report by the Insurance Council. The ban was lifted without awaiting for the revision of the Insurance Business Law because of

the strong desire expressed by the industry as well as the early establishment of the formula for calculating standards.

According to a financial officer of a leading life insurance company, the initial approach seemed to be that "adequate time would be dedicated" to the calculation of the solvency margin.

However, arguments intensified within the MOF Banking Bureau for the disclosure of solvency margins as a means to protect investors in exchange for lifting the ban on CP's. Suddenly, the formula for calculating the solvency margin was established, and CP issuers were called upon to include the solvency margin in applicable prospectuses. However, there is the possibility that only those insurance companies that are confident of their solvency margins will make use of CP's.

North Korea

Forum of Overseas Korean Scholars Held in U.S.

SK1509102394 Pyongyang KCNA in English 1010
GMT 15 Sep 94

[Text] Pyongyang, September 15 (KCNA)—The 15th forum of overseas Korean scholars for national reunification on the subject "1995 and National Reunification" was held in Washington over September 1-3, according to "SINHAN MINBO", a newspaper of Koreans published in the United States.

Attending the forum were Korean scholars, reunification champions and patriotic-minded Koreans from Japan, Switzerland, Canada, and different parts of the United States, parliamentarians affiliated American [words indistinct] Committee on Korea including Ramsey Clark, former U.S. attorney general.

The participants in the forum, to begin with, observed a moment's silence in memory of the great leader President Kim Il-song who put his heart and soul into national reunification.

Choe Kyong-tae, director of the Institute of National Reunification, in his opening address said the conclusion drawn through the forums which had been held until now was that there was no other way of a peaceful reunification of the country but the confederation of the North and the South.

He called for making 1995 the year of reunification.

At the opening ceremony Dr. Choe Ki-hwan, chairman of the European regional headquarters of the National Alliance for the Country's Reunification (Pomminnyon) and European regional director of the Institute of National Reunification, made a keynote report titled "Let us open a decisive phase in the way of national reunification with the 50th anniversary of the August 15 national liberation ahead".

He called for effecting a great turn in pulling down the system of division and building a reunified country by August 15, 1995, which marks the lapse of half a century after division.

"Our nation is confronted with a task to open a decisive phase in the reunification movement with one year to go before the 50th anniversary of the August 15 liberation," he said, and added:

"Overseas Korean scholars should put their heart and soul into the struggle to make a breakthrough in reunification."

The forum was divided into subcommittees before a general debate and lectures were given on the subjects "lesson drawn from visit to North Korea" and "on the situation of the Korean peninsula after the death of President Kim Il-song and the reunification movement".

"Washington declaration on 1995, the year of reunification" was adopted at the forum.

The declaration says that in order to open a historic new horizon of national reunification it is imperative to strictly adhere to the principle of independence, promote the great unity of the whole nation and reach a nationwide agreement on the formula of national reunification.

Stressing that the Korea policy of the U.S. must be rectified, the declaration says:

"The United States must fundamentally rectify its Korea policy in keeping with the trend of detente and independence, deeply aware of the trend of the time, and take a dramatic step helpful to reconciliation of the North and the South and reunification.

"The United States must make active efforts to improve its relations too much inclined to confrontation with North Korea and replace the unstable truce system with a complete peace system."

U.S.-DPRK Talks 3d Round Statement Supported

One Korea Movement

*SK1209103794 Pyongyang KCNA in English 1013
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—The One Korea Movement recently issued a statement supporting the agreed statement between the Democratic People's Republic of Korea and the United States of America.

The statement said the adoption of the agreed statement at the third round of talks between the DPRK and the United States is a progress in a package solution to the nuclear issue and the question of normalising the relations between the two countries as the Government of the DPRK had consistently insisted.

The statement strongly demanded that the United States show utmost sincerity in carrying the agreed statement into practice and that Japan renounce her policy against

the reunification of the Korean peninsula and make an apology and compensation for its aggression and crimes in the past.

Noting that the Kim Yong-sam "regime" is scheming to obstruct the DPRK-U.S. talks in conspiracy with international reactionary forces, the statement strongly demanded that it immediately stop pursuing the anti-national policy.

Jordanian Solidarity Committee

*SK1509100994 Pyongyang KCNA in English 1001
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—The Jordanian Committee for Solidarity with the Korean People in a statement on September 7 supporting the agreed statement between the DPRK and the United States vehemently denounced all the acts to obstruct the implementation of the agreed statement, bringing forward unreasonable questions and preconditions not stipulated in the agreed statement.

Noting that the South Korean authorities are crying for "nuclear inspections" of the Democratic People's Republic of Korea and raising other preposterous preconditions that had been spurned, the statement said this is a mean trick to scuttle the agreed statement and keep the Korean peninsula under a constant danger of war.

The statement also denounced the manoeuvrings of the hardliners in the U.S. military to lead the relations between Pyongyang and Washington to a dangerous confrontation that would bring death to Americans while benefiting the U.S. munitions monopolies.

The statement expressed full support to the agreed statement and firm solidarity with the Korean people in all their efforts to reunify the divided country.

Zambian, Congolese Groups

*SK1109081694 Pyongyang KCNA in English 0808
GMT 11 Sep 94*

[Text] Pyongyang, September 11 (KCNA)—Ntoine Malonga, chairman of the Congolese Movement for the Construction of a New Society, received the Korean ambassador to the Congo on September 5 and said he was satisfied with the affirmative results of the third round of the talks between the Democratic People's Republic of Korea and the United States.

He said the success of the talks is a fruition of the DPRK's progressive, strong and principled stand.

Noting that nobody can frighten the Korean people who are under the tested guidance of his excellency Kim Chong-il, the great leader, he stressed that the nuclear issue of the Korean peninsula should be resolved through dialogue and negotiation on all accounts. "We will as ever fully support the DPRK's proposal for reunifying the country through confederacy," he declared.

Meanwhile, the Zambian Foreign Ministry sent a note to the DPRK embassy in Lusaka on September 5. Detailing the agreed statement between the DPRK and the United States, the note said it opened a bright prospect of a peaceful solution to the nuclear issue of the Korean peninsula.

'Large-Scale Joint Air War Exercise' Denounced

SK1509051394 Pyongyang KCNA in English 0509
GMT 15 Sep 94

[“U.S. Imperialists and South Korean Puppets Stage Joint Strike Exercise Against North”—KCNA headline]

[Text] Pyongyang, September 15 (KCNA)—The war-thirsty elements of the U.S. imperialist aggression forces and the South Korean puppets staged a large-scale joint air war exercise against the North on September 12 after bringing the U.S. aircraft carrier Kitty Hawk into the East Sea of Korea, military sources said.

The reckless war exercise in the skies above the east and west coasts of Korea for long hours day and night involved carrier-based planes and more than 150 fighter-bombers, assault planes, and reconnaissance planes of the U.S. Airforce present in South Korea and the puppet airforce. The manoeuvres were a dangerous war gamble for a surprise joint preemptive strike at our republic. They were a deliberate and premeditated action to lead the situation on the Korean peninsula to a more acute phase of strain and put a spoke in the wheel of the progress of the DPRK-U.S. talks.

ROK Defector Ho Praises North Leaders

SK1409111994 Pyongyang KCNA in English 1021
GMT 14 Sep 94

[Text] Pyongyang, September 14 (KCNA)—The way out for the South Korean people is to achieve independence, democracy and reunification at an early date under the guidance of the dear leader Mr. Kim Chong-il, said Ho Chong-man.

He had defected to the North from Seoul through a third country some time ago.

When interviewed by KCNA, he said that every day he spent in the North was many times more impressive and emotional than he had heard and imagined in South Korea. “What impressed me most is that the people in the North are resolutely defending the bulwark of socialism built by the great leader Comrade Kim Il-song, changing their sorrow at the unexpected death of the kind father of the Korean nation of 70 million into strength and courage,” he added.

He said that in university towns, labour and religious circles and everywhere in South Korea, works and explanatory books on the immortal *chuche* idea founded by the great leader President Kim Il-song and enriched

by the dear leader Comrade Kim Chong-il and books related to the North are widely disseminated and read by many people.

“When I was in South Korea, reading the dear leader’s works, I could understand well what respected President Kim Il-song and another leader dear Mr. Kim Chong-il are like and what kind of society the North led by them is,” Ho said.

He stated he would devote his body and soul to the reunification of the country, shoulder to shoulder with the people in the North, upholding the dear leader as wished so earnestly by the great leader Comrade Kim Il-song in his lifetime.

ROK Professor on Kim Yong-sam’s ‘Blunders’

SK1309102994 Pyongyang KCNA in English 1008
GMT 13 Sep 94

[Text] Pyongyang, September 13 (KCNA)—Chong Sang-su, a South Korean professor of politics, on September 5 exposed ten blunders of “President” Kim Yong-sam and demanded that he either destroy himself or step down, Seoul-based radio Voice of National Salvation said.

He in an article captioned “I Admonish Kim Yong-sam” charged that in the recent few months alone “President” Kim Yong-sam did not express condolences to the fellow countrymen in the North who were in national mourning but tried to have “U.N. Sanctions” taken against them, attempted to distort the history of the June 25 Korean war, criminalized the August 15 Seoul pan-national rally, rigged up the fiction of “possession of five nuclear bombs by the North,” raised outcries over the “human rights problem” of the North, launched a campaign of wiping out the “*chuche* idea faction”, wove plots against the North, obstructed the implementation of the DPRK-U.S. agreed statement and suffered a total fiasco in his “reform” policy.

“President” Kim Yong-sam’s policy blunders and failures have accumulated to the extent where he has to pay dearly for them and the politics of South Korea has become a target of criticism and scorn of the world political circles, he said.

“President” Kim Yong-sam, he further said, can expect no mercy or generosity of the nation. If he refuses to destroy himself or step down of his own accord, repenting of what he has done, the people will bring this doom to him.

Dialogue Views ROK Reliance on Outside Forces

SK1509093794 Pyongyang Korean Central
Broadcasting Network in Korean 0246 GMT 14 Sep 94

[Dialogue between station reporters Chong Song-kwan and Yi In-sun: “Intolerable Flunkeyist, Nation-Selling Act by the Kim Yong-sam Puppet Clique”]

[Excerpts] [Yi In-sun] How are you?

[Chong Song-kwan] How are you?

[Yi] Puppet traitor Kim Yong-sam, who stops at nothing to maintain power, has more deeply clung to outside forces since he took office. In this hour let us discuss this issue.

[Chong] Yes, let us do so. What I would like to indicate first of all is why puppet traitor Kim Yong-sam has more deeply clung to outside forces. The reason for this is, in a nutshell, that traitor Kim Yong-sam is trying to restore his weak power foundation on the strength of outside forces. The previous dictators perpetrated flunkeyist, nation-selling acts. However, the flunkeyist, nation-selling act that traitor Kim Yong-sam has perpetrated thus far is unprecedentedly vicious and notorious.

As is known, in April of last year when we put forward a proposal for holding [word indistinct] talks we urged the South Korean rulers to renounce their policy of relying on outside forces. Nevertheless, the Kim Yong-sam puppet clique has clung to the policy of relying on outside forces and to flunkeyist, nation-selling acts, while turning away our just demand.

[Yi] That is right. The Kim Yong-sam puppet clique has sold all interests of the country and the nation to outside forces. As soon as he took office, puppet traitor Kim Yong-sam tried to nail South Korea to the U.S. Forces occupying South Korea. Since then he has gone so far as to beg for the permanent occupation of South Korea by the U.S. Forces by paying more than \$3 billion every year to the United States for the upkeep of U.S. bases in South Korea. Furthermore, puppet traitor Kim Yong-sam has canceled the plan for relocating the U.S. military base in Yongsan, Seoul, which the previous military dictator had inevitably agreed to and signed with the United States, ignoring the anti-U.S. struggle of the South Korean students and people. [passage omitted]

[Chong] That puppet traitor Kim Yong-sam has turned the land of South Korea into the center of the new U.S. military strategy and into a military base of the United States, which is indeed a criminal act. Along with this, he has sold South Korea as a market for surplus U.S. goods. He has put the South Korean rice market into the mouth of the U.S. monopoly capitalists. In other words, when the South Korean rice market is opened completely, surplus U.S. agricultural products will be poured into South Korea. Consequently, the South Korean economy will be completely destroyed and South Korean farmers will be ruined. This is clear to everyone. [passage omitted]

[Yi] It is already known to the world that laying the blame on our nuclear issue, the Kim Yong-sam puppet clique has been tenaciously scheming to take so-called sanctions against us by prowling about the United Nations and other international organizations.

Whining out to its boss that the United States should not make concessions any longer in its talks with the North,

the Kim Yong-sam puppet clique recently babbled about clearing suspicions on our past nuclear activity and the like. On 5 September, babbling again about the DPRK-U.S. agreement, resumption of North-South dialogue, special inspections, (?support) for the improvement of DPRK-U.S. relations, and the like, the Kim Yong-sam puppet clique went so far as to act disgracefully by sending puppet Foreign Minister Han Sung-chu to the United States. This vividly shows how viciously the Kim Yong-sam puppet clique is scheming to hinder the third round of DPRK-U.S. talks and to block the improvement of DPRK-U.S. relations.

[Chong] That is right. Indeed, this is an act that only the shameless South Korean puppets can perpetrate. The Kim Yong-sam fascist clique is frantically introducing from the United States mass-destruction weapons and modern military equipment to kill fellow countrymen and is frequently staging military exercises in collusion with outside forces. This is also an intolerable act. It is already a known fact that the South Korean puppets staged the extremely provocative Ulchi Focus Lens joint military exercise with the United States from 22 August to early September by mobilizing vast armed forces.

When the nation's greatest unhappy event took place, the Kim Yong-sam puppet clique, internally, issued a special alert in South Korea in a bid to aim rifles at the fellow countrymen who were overwhelmed by sorrow and, externally, kicked up a fuss to beg for an international cooperation system. This vividly shows how viciously the Kim Yong-sam puppet clique is scheming to do harm to the fellow countrymen in the North in collusion with outside forces.

[Yi] As long as the Kim Yong-sam flunkeyist, treacherous group is left as it is, the South Korean compatriots cannot escape the doom of colonial slaves and the disgrace of national ruin, nor can they avoid a national disaster of fratricidal war, and nor can they achieve national unity and the country's independent and peaceful reunification. [passage omitted]

Lack of Independence of South Rulers Condemned

*SK1509050394 Pyongyang KCNA in English 0454
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—NODONG SINMUN today comments on the imprudent acts of the South Korean rulers devoid of independence in the international arena, which do not befit their position.

These days the South Korean puppets are busy "lobbying" for a seat of non-permanent member of the U.N. Security Council for 1996- 1997 and the seat of the general director of the World Trade Organisation.

At the first session of the Asian Regional Forum in July, they tried in vain to include the "nuclear issue" of the North in the presidential statement, and proposed the

establishment of an unreasonable "northeast Asian security dialogue forum" only to be rejected by countries concerned.

The news analyst says:

The South Korean "government" is a deformed and abnormal regime that does not have the appearance of an independent, sovereign state and is prolonging its days, cringing to big powers.

It is self-evident that such a regime cannot have any authority in the international arena nor can it have adequate say and weight there.

The South Korean puppets' "lobbying" only reveals the vulnerability and poor lot of the South Korean "government" deprived of independence. They even invited scorn for their attempt to elbow out by an intrigue another country which had already been informally designated as the candidate for a non-permanent member of the U.N. Security Council from Asia.

Their behavior reminds one of a silly fellow who does not know where to sit and where to stand, and a dastard [as received] who stoops to any infamy to attain his objective.

It must not go unnoticed that the South Korean puppets attempt to poke their nose into the "nuclear issue" of the North.

They have no ground to meddle in the dialogue and negotiation between the DPRK and the United States over the nuclear issue.

A progress at the DPRK-U.S. talks is an irresistible trend of the time. Going against it is as foolish as trying to stop a running train singlehandedly.

Those who challenge the current of history will get nothing but disgrace, humiliation and setback.

Asian Institute Official Vows To Spread Chuche

*SK1309105594 Pyongyang KCNA in English 1011
GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea [ARIJI], stated that the study and dissemination of the chuche idea would be expanded on the continental and national scale.

On the 14th founding anniversary of the institute he told KCNA on September 3 that the institute would constantly increase the number of the followers of the chuche idea and encourage them to write many books on the glorious revolutionary history, undying feats and noble traits of the great leader Comrade Kim Il-song.

"And efforts will be concentrated on organising more groups and societies for the study of the idea of Comrade

Kim Chong-il, the great leader, in order to actively disseminate his revolutionary idea and theories," he said.

"A great new turn will be effected in the study and dissemination of the chuche idea in 1995 in which the ARIJI will greet the 15th anniversary of its founding," he added.

Vice Premier Meets With PRC Korean Nationals

*SK1409151494 Pyongyang KCNA in English 1504
GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Vice-Premier Chang Chol today met and had a friendly conversation with a friendship delegation of the People's Government of Yanbian Korean Nationality Autonomous Prefecture in China led by its Governor Chong Yong-chol at the Mansudae Assembly Hall.

Japanese Visitors Arrive at Wonsan 14 Sep

*SK1509053794 Pyongyang KCNA in English 0429
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—A delegation of researchers of the International Institute of the Chuche Idea, a home-visiting group of students of Korean University under Chongnyon, a home-visiting group of Korean students in Japan and the 223rd short-term home-visiting group of Koreans in Japan arrived in Wonsan on September 14 by the ship "Mangyongbong-92".

Japan Accused of Hindering Nuclear Issue

*SK1509050194 Pyongyang KCNA in English 0448
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—NODONG SINMUN today comments on Japan's effort to block a solution to the nuclear issue on the Korean peninsula.

The news analyst says:

A high-ranking official of Japan who participated in the international conference on population and development told a news conference that "clarification of the past nuclear suspicion" must be "a precondition" for the provision of light water reactors to North Korea. And in a joint statement published at the end of "a joint meeting of the parliamentarians federation" with the South Korean puppets September 6, Japan argued that the past "nuclear activities" of North Korea must be verified.

Expert-level discussions took place in Pyongyang and Berlin from September 10 on the replacement of the DPRK's program of graphite moderated reactors with light water reactor technology, the provision of substitute energy and the establishment of liaison offices in accordance with the agreed statement between the DPRK and the United States. A positive agreement has been reached there on a series of issues.

It came as a surprise to the home and foreign public for some Japanese authorities to raise again the "clarification of the past nuclear suspicion" against the DPRK which is not understandable to any one and try to obstruct the settlement of the nuclear issue.

Japan has no justification to poke its nose into the solution of the nuclear issue on the Korean peninsula. It is the DPRK and the United States that are responsible for its settlement.

As for the introduction of light water reactors, we positively proposed it with a good will, out of the sincere position to properly settle the nuclear issue on the Korean peninsula. And the United States agreed to this proposal.

Why does Japan make a fuss over "clarification of the past nuclear suspicion" which has nothing to do with the introduction of light water reactors? Its intention is to block the settlement of the nuclear issue on the Korean peninsula by creating an artificial obstacle and step up its own nuclear armament under that pretext.

The solution of the nuclear issue on the Korean peninsula can no longer be delayed or stopped. Regardless of this, the Japanese authorities are trying to hinder the implementation of the agreed statement between the DPRK and the United States. This is tantamount to inviting a misfortune to oneself.

Jordanian Movement Official Meets Yi In-mo

SK1309105894 Pyongyang KCNA in English 1014 GMT 13 Sep 94

[Text] Pyongyang, September 13 (KCNA)—Marwan Sudah, secretary for Information and External Relations of the Arab Islamic Democratic Movement of Jordan, on a visit to Korea met with Yi In-mo, a former war correspondent of the Korean People's Army, on September 12.

The secretary said that Comrade Yi In-mo could fight it out for justice till victory in South Korean prison because he believed in President Kim Il-song as his mental support.

He noted that the great President Kim Il-song and the dear leader Comrade Kim Chong-il showed warm loving care not only for Yi In-mo but also for each Korean and each family.

He said he was deeply moved by the entire Korean people striving to faithfully fulfil the behests of the great president, holding the dear leader Comrade Kim Chong-il in high esteem as their father. "The dear leader and the people are firmly united like one family and flesh and blood, the kind of which cannot be seen in any other country," he added.

He said he was deeply touched by the looks of Korea where the leader and the people, united in an integral

whole, are advancing with the conviction of victory of their cause. "This is a model for the world," he stressed.

Message Sent to New Leader of Papua New Guinea

SK1309043794 Pyongyang KCNA in English 0425 GMT 13 Sep 94

[Text] Pyongyang, September 13 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of greetings to Sir Julius Chan upon his election as prime minister of Papua New Guinea.

The message expressed the belief that the friendly relations between the two countries would develop favourably in the interests of the two peoples.

Government Fetes Tanzanian Prime Minister

SK1409231394 Pyongyang KCNA in English 2213 GMT 14 Sep 94

[Text] Pyongyang, September 14 (KCNA)—The Government of the Democratic People's Republic of Korea gave a banquet at the Mansudae Assembly Hall today in honor of John Samuel Malecela, prime minister and first vice-president of the United Republic of Tanzania, and his entourage on an official goodwill visit to Korea.

Present at the banquet were Premier Kang Song-san, secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop, Vice-Premier Kong Chin-tae and officials concerned.

In his speech at the banquet, Kang Song-san said John Samuel Malecela and his entourage is visiting Korea to directly express condolences on the death of the great leader President Kim Il-song.

He continued:

The Tanzanian people have shared sorrow with the Korean people ever since they heard the sad news that the great leader Comrade Kim Il-song passed away.

His excellency respected President Ali Hassan Mwinyi was the first to send a telegram and a wreath to Korea, expressing deep condolences and consolation on the death of the great leader Comrade Kim Il-song.

Respected your excellency prime minister and high-placed officials of your country expressed condolences at the DPRK embassy in your country. Today your excellency have come to Korea and expressed deep condolences on the death of the great leader.

This clearly shows how special and warm your respect for and trust in the great leader are.

The Korean people feel grateful for this and will never forget it.

The Korean and Tanzanian peoples are confronted with the common task to build a new society, peaceful and

prosperous. We believe the Tanzanian people will unite and build a new Tanzania, independent and prosperous.

Kang Song-san went on:

The great leader Comrade Kim Chong-il, who is possessed of literary and military accomplishments and loyalty and filial piety and is gifted with the personality of the leader of the people, is wisely guiding overall affairs of our party, state and army.

Our people have risen up as one in the efforts to fulfill the behests of the fatherly leader Comrade Kim Il-song, singleheartedly united around respected General Kim Chong-il.

We will do all we can to resolutely defend our socialism centred on the masses, which we chose and built with our own efforts, and achieve the independent, peaceful reunification of the country and the denuclearisation of the Korean peninsula.

Although there have been many changes in the world's situation and the international relations, the relations between our two countries have developed smoothly and will be revitalized with your current visit.

In his speech, John Samuel Malecela said:

The late President Kim Il-song was indeed a great leader who was not only committed to bring peace and reunite the Korean peninsula but he was also a strong advocate of South-South co-operation and indeed a champion of the non-aligned movement. Through his firm and wise leadership the late President Kim Il-song made great achievements for his people while at the same time did all he could to assist developing countries like Tanzania. In this regard, the death of President Kim Il-song is a big loss not only for the Korean people but also for all peace-loving people in the world.

We could witness with our own eyes that the Korean people have turned their sorrow into strength and courage out of the death of President Kim Il-song. They are making a great upsurge in all fields of socialist construction, rallied in a singlehearted unity around the dear leader Comrade Kim Chong-il. We are convinced that the Korean people, following the lifetime intentions of the great leader Comrade Kim Il-song, will defend the socialism centred on the popular masses and achieve the country's reunification without fail under the wise leadership of the dear leader Comrade Kim Chong-il, the supreme leader of the Korean people.

Tanzania highly values the close relationship developed with the Democratic People's Republic of Korea.

May I assure you, honorable premier, that Tanzania has been and will always be keen to work closely with the Democratic People's Republic of Korea in furthering and consolidating the friendly relations of cooperation existing between our two countries in the spirit of South-South co-operation.

Tanzania will, at the same time, always support peaceful reunification of Korea. We support your government and the Korean people in their struggle to realize the country's reunification based on the confederacy and resolve the nuclear issue on the Korean peninsula peacefully through the DPRK-USA dialogue. We would like to offer our sincere congratulations on your success at the recent DPRK-USA talks and wish you continued success at the further round of these talks.

Our region has experienced considerable political convulsions. Tanzania is making strenuous efforts at mediation.

The banquet participants toasted the eternal life of the great leader President Kim Il-song, the good health and long life of the great leader of our party and our people Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army, and the good health and long life of respected President Ali Hassan Mwinyi.

Premier Speaks at Banquet

SK1509110394 Pyongyang Korean Central
Broadcasting Network in Korean 2200 GMT 14 Sep 94

[Speech by Premier Kang Song-san at a banquet arranged by the DPRK Government in honor of John Samuel Malecela, prime minister and first vice president of the United Republic of Tanzania, held at Mansudae Assembly Hall in Pyongyang on 14 September—read by announcer]

[Text] Your respected Excellency John Samuel Malecela, prime minister and first vice president:

Your respected excellency prime minister and your entourage came to our country, despite the distance, and as soon as you arrived you laid wreaths in front of the great leader Comrade Kim Il-song's statue erected at the top of the Mansudae Hill and looked back upon the memory of the leader.

I, first of all, enthusiastically welcome your respected excellency John Samuel Malecela, prime minister and first vice president of the United Republic of Tanzania, and your entourage who came to our country embraced with a warm heart to pay direct condolences for the great leader's death.

There is an old saying that sadness lessens when it is shared with another. The Tanzanian people have been sharing the sorrow with our people ever since they heard the sad news of the great leader Comrade Kim Il-song's death.

His excellency respected President Ali Hassan Mwinyi was the first to send a telegram and a wreath to the DPRK filled with deep sorrow and sympathy on the great leader Comrade Kim Il-song's death.

Your respected excellency prime minister and other high-ranking officials expressed condolences after visiting the DPRK Embassy in your country. Today, your excellency prime minister has come to the DPRK and expressed deep condolences for the death of the great leader. This clearly shows how special and warm respect for and sentiment of trust in the great leader are. Our people feel grateful for this and will never forget it.

Even though the DPRK and Tanzania are far apart in different continents, the people of the two countries are confronted with the common task to build a new society, peaceful and prosperous. Today, under the leadership of his excellency respected President Ali Hassan Mwinyi, the Tanzanian Government and people have consolidated political stability and national unity, and are actively carrying out work to develop the economy. Your country is deepening ties of friendship with neighboring countries and strengthening unity and cooperation with developing countries.

The (Arshia) declaration under the content of socialism and self-reliance is a symbol of your country. We believe that an independent and prosperous new Tanzania will be built through unity by the Tanzanian people.

During your stay in our country, you will be able to see our people's will to resolutely rise by changing the great sadness of having lost the fatherly leader to strength and courage, and the true appearance of our society in which the leader [yongdoja] and the people have achieved complete harmony.

The great leader [widaehan yongdoja] Comrade Kim Chong-il, who is possessed of literary and military accomplishments and loyalty and filial piety and is gifted with the personality of the leader of the people, is wisely guiding overall affairs of our party, state, and Army. Our people have risen up as one in the struggle to fulfill the behests of the fatherly leader, single-heartedly uniting around the respected and beloved General Kim Chong-il.

We will do all we can to resolutely defend and adhere to socialism of our own style centered around the popular masses, which we chose and built with our own efforts, and to achieve the independent, peaceful reunification of the fatherland and the denuclearization of the Korean peninsula.

Your respected excellency prime minister's visit is a great encouragement to our people, and we are happy over the fact that we have such amiable friends as you in the African continent. Although there have been many changes in the world situation and international relations, the relations between our two countries have developed smoothly and will be revitalized with your visit.

We are of the firm belief that your visit will all the more consolidate and develop the mutual relations between

the two countries, and contribute to strengthening the unity between the people of Asia and Africa.

In our country the fields of cooperative farms are rolling with golden ears of rice and it is a good season in which the crops are abundant. I hope that the Tanzanian guests will achieve good results like the season of harvesting in your visit to our country. I would also like to drink a toast for the friendship and unity of the people of the DPRK and Tanzania; for the eternal life of the great leader Comrade Kim Il-song; for the long life of his excellency respected President Ali Hassan Mwinyi; for the long life of the great leader [widaehan yongdoja] of our party and our people, Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army; for the health of your respected excellency John Samuel Malecela, prime minister and first vice president of the United Republic of Tanzania; and for the health of the comrades and friends participating here.

Malecela Visits Mangyongdae

*SK1509051194 Pyongyang KCNA in English 0433
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—John Samuel Malecela, prime minister and first vice-president of the United Republic of Tanzania, on an official goodwill visit to Korea and his entourage visited Mangyongdae on September 14.

The visitors were briefed on the glorious revolutionary history of the respected leader President Kim Il-song and his revolutionary family, while seeing with keen interests the mementos carefully preserved at the historic old home of the president in Mangyongdae.

They posed for a photograph before the old home.

After visiting Mangyongdae, the prime minister and first vice-president of Tanzania wrote in the visitor's book that Mangyongdae is a historical place where a great man was born and the great leader President Kim Il-song fought for the happiness of the people all his life.

The world revolutionary people should study his revolutionary idea, he added.

The visitors drove to the Korea-Tanzania Friendship Kumchon Cooperative Farm in Mangyongdae District.

Premier Kang Song-san and officials concerned accompanied them.

The Tanzanian visitors saw a circus show at the Pyongyang Circus Theatre on the same day.

Dailies Welcome Visit

*SK1309050094 Pyongyang KCNA in English 0431
GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—Papers here today warmly welcome the Korea visit of his excellency

John Samuel Malecela, prime minister and first vice-president of the United Republic of Tanzania, on the invitation of the DPRK Government, which will mark an important occasion in further developing Korea-Tanzania friendship.

NODONG SINMUN in an editorial article says:

After achieving the country's independence by their own struggle, the Tanzanian people have made energetic efforts to build an independent new society, keeping to the line of "socialism and self-reliance."

Pursuing a nonaligned policy, the Tanzanian Government and people are working to develop friendly and cooperative relations with all countries, strengthen cooperation and solidarity with developing countries, achieve collective self-reliance and establish an equitable international economic order.

The Korean people sincerely rejoice over the achievements made by the Tanzanian people in the efforts to build an independent new society, adhering to the line of "socialism and self-reliance", and express support and solidarity for their cause.

The Korean people will do all they can as ever to strengthen their friendly and cooperative relations with the Tanzanian people in accordance with the idea of independence, peace and friendship.

An editorial article of MINJU CHOSON wishes his excellency John Samuel Malecela great success in his visit, saying that his visit to Korea is of great importance in the strengthening of friendship and solidarity between the Korean and African peoples.

Pak Song-chol Returns From Libyan Visit

*SK1009214594 Pyongyang KCNA in English 1510
GMT 10 Sep 94*

[Text] Pyongyang, September 10 (KCNA)—The government delegation of the Democratic People's Republic of Korea headed by Vice-president Pak Song-chol, which had participated in the celebrations of the 25th anniversary of the great September 1st revolution in Libya flew back here today. It was met at the airport by Kim Yong-nam, vice-premier and foreign minister, and Ramadan Muhammad al-Ra'Ubi, acting secretary of the People's Committee of the People's Bureau of the Great Socialist People's Libyan Arab Jamahiriya in Pyongyang.

Nicaraguan Kimchongilism Study Group Founded

*SK1109083794 Pyongyang KCNA in English 0810
GMT 11 Sep 94*

[Text] Pyongyang, September 11 (KCNA)—The Group for the Study of Kimchongilism was inaugurated in Nicaragua on August 27.

Addressing the inaugural meeting, Ipolito Agirre Narillo [spelling of name as received], head of the "Uan Manuel Mena" chorus, said dear Comrade Kim Chong-il

is the great leader who is leading the world people's cause of independence in the van. "We will live and struggle forever as the followers and propagators of his revolutionary idea," he said.

At the meeting the rules of the group was adopted and its chief and deputy chief were elected.

A letter to the dear leader Comrade Kim Chong-il was adopted there.

Korean, Nicaraguan Ministers Exchange Greetings

*SK1509053394 Pyongyang KCNA in English 0428
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—Korean Foreign Minister Kim Yong-nam and his Nicaraguan counterpart Ernesto Leal exchanged messages of greetings on the 15th anniversary of the opening of diplomatic ties between the two countries.

In his message Kim Yong-nam expressed the belief that the friendly relations between the two countries would continue developing favourably in keeping with the idea of independence, peace and friendship and wished the Nicaraguan foreign minister success in his responsible work.

In his message Ernesto Leal reaffirmed the desire to continually strengthen the bonds of friendship between the two countries and wholeheartedly wished the Korean people prosperity.

Papers Observe Nicaraguan Independence Day

*SK1509103094 Pyongyang KCNA in English 1013
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—Papers here today observe the 173rd anniversary of the independence of Nicaragua.

Noting that the Nicaraguan people have worked strenuously to consolidate the national independence of the country and build a new prosperous society after the independence, a signed article of NODONG SINMUN says:

Korea and Nicaragua opened diplomatic relations at ambassadorial level on August 21, 1979. Today the Korean people warmly congratulate the Nicaraguan people on the independence day.

A MINJU CHOSON article notes that the Government of Nicaragua has striven for peace in Central America, pursuing the policy of non-alignment externally.

The Korean people wish the Nicaraguan people new achievements in their future work for the prosperity and development of the country, it says.

Yi Chong-ok Meets With Pakistani Ambassador*SK1209213294 Pyongyang KCNA in English 1516
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—Vice President Yi Chong-ok today met and had a talk with new Pakistani Ambassador to Korea Rehmdil Bhatti when the latter paid him a courtesy call at the Mansudae Assembly Hall.

Present on the occasion was Vice Foreign Minister Cho Kyu-il.

SPA Chairman Meets With Pakistani Delegation*SK1209110194 Pyongyang KCNA in English 1025
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—Chairman of the Supreme People's Assembly (SPA) Yang Hyong-sop today met and had a friendly conversation with the friendship delegation of the Sind Provincial Assembly of Pakistan led by deputy speaker of the Provincial Assembly Munawar Ali Butt at the Mansudae Assembly Hall.

Present was Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries.

The head of the delegation said the death of the great leader President Kim Il-song is a deep sorrow not only of the Korean people but also of the Pakistani people.

"The great exploits performed by President Kim Il-song, the great sun of the world, will be everlasting with mankind," he declared.

Spanish, World Federation Guests Arrive*SK1009214394 Pyongyang KCNA in English 1514
GMT 10 Sep 94*

[Text] Pyongyang, September 10 (KCNA)—Pallab Sen Gupta, secretary general of the World Federation of Democratic Youth, and a delegation of the Spanish Communist Party led by Antonio Joaquin Dolera Lopez [spelling of names as received], member of the Federal Committee and general secretary of the Murcia Regional Committee of the party, arrived here on September 10.

Visit Statue of Kim Il-song*SK1209045294 Pyongyang KCNA in English 0445
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—A delegation of the Spanish Communist Party led by Antonio Joaquin Dolera Lopez, member of the Federal Committee and general secretary of the Murcia Regional Committee of the Party; and Pallab Sen Gupta, secretary general of the World Federation of Democratic Youth, on a visit to Korea called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on Sunday to honor his memory.

The guests laid bouquets of flowers before the statue and observed a moment's silence.

Noting that the great leader Comrade Kim Il-song was the great leader who was respected and revered not only by the Korean people but also by all other people, Antonio Joaquin Dolera Lopez said: "He wisely led the Korean people to build the Democratic People's Republic of Korea into a wonderful country."

Pallab Sen Gupta stated that the death of the great leader Comrade Kim Il-song is a big loss for the world progressive people. He said: "His feats will always be cherished in the hearts of the progressive people and the peace-loving people of the world."

He expressed the belief that the Korean people will achieve greater success in the revolution and construction under the wise guidance of the dear leader Comrade Kim Chong-il.

PRC Sources on 'Succession Crisis', Relations*BR1509072694 Paris LIBERATION in French
13 Sep 94 p 16*

[Romain Franklin article: "Kim Chong-il, the Lost Heir of the 'Closed Empire'"]

[Text] Two months after the death on 8 July of the "Great Leader" Kim Il-song, North Korea is in the middle of a succession crisis, according to Chinese and diplomatic sources in Beijing. While the 22 million North Koreans have already been facing a very serious economic crisis since the fall of the Soviet bloc, the possibility of the collapse of the Stalinist regime in Pyongyang is now taken seriously by China, which is the country which is closest and best informed about the enigmatic "closed empire."

The Chinese authorities have made preparations over the past few months for the installation of refugee camps in the border areas in the Chinese regions adjacent to the Yalu river, which marks the Sino-Korean border, reliable Beijing sources say. "The Chinese authorities fear a flood" of North Korean refugees fleeing their country, one of these sources explained.

Kim Il-song's succession originally seemed cut and dried. According to official propaganda, Kim Chong-il (52 years old), christened the "dear leader," was to take over all the leadership positions originally held by his father. Two months after the latter's death, Kim junior has still not been officially appointed head of state, or secretary general of the Workers' Party. He has not appeared in public since his father's funeral at which he appeared with a grief-stricken face. Kim Chong-il was even absent last week—as were the armed forces chiefs—from the ceremonies marking the 46th anniversary of the Democratic People's Republic of Korea. The signs of malaise have increased over the past few weeks. Pamphlets denouncing the "dynastic succession"—an unprecedented event—were discovered in mid-August

inside the foreign embassy area in Pyongyang, the capital. The official press explained at the time, rather implausibly, that they had been dropped from planes by South Korean agents...

Official propaganda stated that "the succession question" would be settled after Kim Il-song's funeral, then after the traditional 49 days of mourning. It is now suggesting that it will be necessary to wait until 100 days after the death, in other words, 16 October. "These 100 days mentioned do not correspond to anything. It is merely a pretext. The traditional period of mourning is 49 days, and, at all events, Kim Chong-il's appointment should logically have been announced the day after the announcement of Kim Il-song's death," a Chinese source explained. These procrastinations are also worrying Beijing, where reliable sources explain that the old guard of the North Korean regime, and especially the military, who really hold the power, are refusing to give Kim Chong-il all the positions he is claiming, and which official propaganda gave him. Kim Chong-il, an unknown figure, is likely to displease the military, if we are to believe his reputation as a carefree playboy who likes movies and drinks cognac, driving fast cars in the streets of Pyongyang. His involvement in acts of terrorism like the bomb which killed half of the South Korean cabinet on a visit to Burma in 1983, or the bomb which downed the South Korean KAL Boeing in 1987, is far from matching up to the military past of his father, Marshal Kim Il-song.

According to some experts, the Army chiefs would like to impose Kim Yong-chu, Kim Il-song's brother, for the post of president. On 21 August, when the official North Korean radio condemned all the "actions" of enigmatic "ambitious elements and conspirators," it was probably referring to the rivalry between the "Great Leader's" brother and son.

Kim Yong-chu, the heir apparent to the succession until the mid-seventies, fell into disgrace after Kim Chong-il was chosen. He reappeared during the summer of 1993 for the first time in 18 years. Propelled to a place in the Politburo by December 1993 and then immediately afterward to the post of state vice president, he is apparently now responsible for the country's foreign policy, which has now become the main priority. North Korea is about to lose its last ally—China—and is seeking to break its isolation in any way it can by trying to normalize relations with the United States.

Although relations between China and North Korea are still presented as warm, they are in fact at their lowest ebb, according to a reliable Chinese source. Apparently things have not gone well between the two countries since North Korea made a territorial claim on China two years ago. Beijing's irritation has peaked since Pyongyang "under the cover of scientific and cultural exchanges" gathered "archaeological and historical documents" and published studies which "prove" that some Chinese border regions, heavily populated by Korean

minorities, belong to the DPRK. Shortly before his death, Kim Il-song, according to an internal Chinese document, apparently criticized the "new Chinese capitalism" and described the border with China as a "front," in the same way as the 38th parallel which has separated the North from the South Korean "sworn enemy" and the "American imperialists" since the end of World War II.

Indian Union Leader on Kim Chong-il's Leadership

SK1209151194 Pyongyang KCNA in English 1502 GMT 12 Sep 94

[Text] Pyongyang, September 12 (KCNA)—Secretary General of the Centre of Trade Unions of India M. K. Pandey told reporters here that the future of Korea is bright because he is guided by the great leader Comrade Kim Chong-il.

"Everywhere I went while staying in Korea, I saw Korean people filled with the firm determination to uphold with loyalty the leadership of the dear leader Comrade Kim Chong-il," he said, and went on:

"The Korean people closely rallied behind Comrade Kim Chong-il firmly resolved to carry forward the revolutionary achievements of Comrade Kim Il-song, true to his intention in his lifetime.

"The United States, the super power, has left no stone unturned in its efforts to stifle the DPRK, a small country, but it knelt down before the Korean people united in one mind.

"Pressure and sanctions do not work on the DPRK."

"Korea, on any account, must be reunified by means of confederacy based on one nation, one state, two systems and two governments in line with the three principles of independence, peaceful reunification and the great national unity and the 10-point programme of the great unity of the whole nation advanced by the great leader Comrade Kim Il-song," he said, and added:

"We will further strengthen our support and solidarity for the struggle of the Korean people for national reunification."

Kim Chong-il Work Published in Booklet in India

SK1209045194 Pyongyang KCNA in English 0442 GMT 12 Sep 94

[Text] Pyongyang, September 12 (KCNA)—The dear leader Comrade Kim Chong-il's famous work "Our Socialism Centred on the Masses Shall Not Perish" was brought out in booklet by the all India Indo-Korean Friendship Association on September 6 on the occasion of the 46th anniversary of the DPRK founding.

The book says in its preface:

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

The Democratic People's Republic of Korea was founded on September 9, 1948, on the basis of the experiences accumulated in the work to carry into practice the line of people's revolutionary government advanced by the great leader Comrade Kim Il-song in the period of the anti-Japanese revolutionary struggle.

The DPRK under the wise guidance of the great leader His Excellency President Kim Il-song and the dear leader His Excellency Kim Chong-il has turned into a powerful socialist state, independent in politics, self-sustaining in the economy and self-reliant in national defence.

With a view to helping the readers understand the reality of socialism in the DPRK, we publish in Hindi "Our Socialism Centred on the Masses Shall Not Perish", a famous work of His Excellency dear Kim Chong-il, the supreme leader of the party, the state and the Army of Korea.

Kim Chong-il Sends Thanks to Corporation, Pupils

*SK1509050794 Pyongyang KCNA in English 0437
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il sent thanks to the officials and employees of the Korean Sambong Corporation and their families who had done good things for society and the collective and to Ko Sun-hwa, Hwang Kyong-son, Kim Mi-ok, Kim Myong-suk and Kim Myong-hwa who volunteered to work in the socialist countryside after graduating from Kang Pan-sok University of bereaved children.

The officials and employees of the Korean Sambong Corporation sent several thousand items of facilities needed for the work and life of the youth and students to the children's union camps and the speed campaign youth shock brigades across the country on the third youth day.

Choe Kyu of the corporation, determined to contribute to the promotion of the people's health in response to the behests of the great leader President Kim Il-song, displayed a high sense of patriotic devotion and creative ingenuity. His wife Yi Pong-son, his brother Choe Chol and his sisters took an active part in the assistance to the People's Army.

The graduates of Kang Pan-sok University of bereaved children including Ko Sun-hwa and Hwang Kyong-son volunteered to work in the socialist countryside in order to live up with loyalty to the trust of Comrade Kim Chong-il who shows all paternal loving care for the bereaved children.

Japanese, Thais Visit Statue of Kim Il-song

*SK1509053194 Pyongyang KCNA in English 0441
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—The visiting delegation of Japanese scholars led by Konoe Mushakoji,

former deputy president of U.N. University and professor of Meiji Gakuin University of Japan, and new Thai Ambassador to Korea Sawanit Kongsiri Wednesday [14 September] called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang to honor his memory.

The guests laid bouquets of flowers before the statue and observed a moment's silence.

The head of the Japanese delegation said that his excellency President Kim Il-song was a great leader who devoted his whole life for the people and the undying feats performed by him in his lifetime would shine forever.

The Thai ambassador hoped that Korea under the wise guidance of the dear leader his excellency Kim Chong-il would develop and prosper, true to the behests of his excellency great president.

Foreign Media Carry Biography of Kim Il-song

*SK1209044194 Pyongyang KCNA in English 0435
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—The brief biography of the great leader President Kim Il-song was carried by the Bangladeshi paper VANGUARD.

The paper printed a portrait of President Kim Il-song.

The paper said with President Kim Il-song passing away, the world revolutionaries and progressive peoples lost a great leader.

President Kim Il-song inspired the world people with the conviction that socialism is sure to win by defending and further developing socialism even after socialism collapsed in the East European countries, the paper added.

A British paper and the Syrian magazine JAYSH AL-SHAAB carried the brief biography of President Kim Il-song together with his portrait.

More Founding Day Messages, Activities Reported

Yi Chong-ok Meets Chongnyon Group

*SK1009104594 Pyongyang KCNA in English 1033
GMT 10 Sep 94*

[Text] Pyongyang, September 10 (KCNA)—Vice-president Yi Chong-ok met here on September 10 the congratulatory group of Koreans from Japan visiting the socialist homeland to celebrate the 46th founding anniversary of the Democratic People's Republic of Korea headed by Pae Pyong-tu, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and had a conversation with it in a warm compatriotic atmosphere.

The head of the group expressed deep thanks to the dear leader Comrade Kim Chong-il for his warm love and solicitude for the Chongnyon officials and Korean residents in Japan.

"We will energetically conduct the patriotic work of Chongnyon, rallied ever closer behind the dear leader, changing our deep sorrow at the loss of the respected leader Generalissimo Kim Il-song into a thousand-fold strength and courage," he said.

Egyptian President's Envoy Comments

*SK1209105194 Pyongyang KCNA in English 1023
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—The secretary of the Presidency of Egypt called at the Korean Embassy in Cairo on September 9 on behalf of the Egyptian President, Muhammad Husni Mubarak, on the occasion of the 46th founding anniversary of the Democratic People's Republic of Korea.

The envoy asked the Korean ambassador to convey to His Excellency dear Kim Chong-il, the great leader of the Korean people, the felicitations and best wishes for longevity in good health from President Muhammad Husni Mubarak on the occasion of the 46th founding anniversary of the DPRK.

He said that the death of His Excellency President Kim Il-song, the leader of the world, is a big loss for the world people. It is a good example to be followed by the state leaders of all other countries in the present time that he successfully solved the question of succession to the cause with political intelligence and clairvoyant wisdom, he said.

"We hope that the Korean people under the sagacious guidance of His Excellency Kim Chong-il, the great leader, will creditably carry forward the cause of his excellency president and achieve a greater progress and prosperity, overcoming sorrow," he added.

More Foreign Leaders Send Messages

*SK1209044594 Pyongyang KCNA in English 0438
GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received messages of greetings from foreign heads of state on the occasion of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

The messages came from Maumoon Abdul Gayoom, president of the Republic of Maldives; Valentine Eseg-rabo Melvin Strasser, head of state and chairman of the National Provisional Ruling Council of the Republic of Sierra Leone; Sylvestre Ntibantunganya, acting president of the Republic of Burundi; and Anerood Jugnauth, prime minister of the Republic of Mauritius.

The messages warmly congratulated Comrade Kim Chong-il on the national day and wished him good health and a long life.

They expressed the belief that the friendly and cooperative relations between Korea and their countries would grow stronger.

Koreans in Japan Send Messages

*SK1109081394 Pyongyang KCNA in English 0804
GMT 11 Sep 94*

[Text] Pyongyang, September 11 (KCNA)—The dear leader Marshal Kim Chong-il received messages of greetings on the 46th founding anniversary of the Democratic People's Republic of Korea from the Standing Council of the Federation of Korean Traders and Industrialists in Japan, the Central Standing Committee of the League of Korean Youth in Japan and other organizations of the General Association of Korean Residents in Japan (Chongnyon) and their subsidiary organizations, the Korean news service, the Kuwol Sobang Publishing House, the Institute of Korean Affairs and other enterprises, prefectural headquarters of Chongnyon, the Central Institute of Chongnyon, all the Korean schools including Korean University and compatriots in Japan.

They extend greatest glory and warmest congratulations to General Kim Chong-il on the occasion.

They say that because Generalissimo Kim Il-song founded the republic and Marshal Kim Chong-il has strengthened and developed it into a powerful socialist state of *chuche*, a fortress of the cause of independence, the Korean people have become the true masters of the independent and sovereign state and fully demonstrated to the whole world the invincible might of Korean-style socialism centred on the popular masses.

They express the firm determination to devote their all to national reunification and the patriotic work of Chongnyon, united in one mind, holding General Kim Chong-il in high esteem as wished by Generalissimo Kim Il-song.

They wholeheartedly wish General Kim Chong-il good health and long life.

Greetings From Abroad Continue

*SK1509045794 Pyongyang KCNA in English 0426
GMT 15 Sep 94*

[Text] Pyongyang, September 15 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and our people, received messages of greetings from the state leaders of different countries on the 46th founding anniversary of the Democratic People's Republic of Korea.

The messages came from Bangladesh President Abdur Rahman Biswas, Bangladesh Prime Minister Khaleda Zia, Amir of State of Qatar Khalifah Bin-Hamad Al

Thani, Amir of State of Kuwait Jabir al-Ahmad al-Jabir al-Sabah, King of Nepal Birendra Bir Bikram Shah Dev, acting King of the Hashemite Kingdom of Jordan Husayn Bin Talal, King of Morocco Hassan II, King of Thailand Phumiphon Adunyadet, King of Malaysia Tuanku Ja'Alfar ibni Almarhum Tuanku Abdul Rahman, Chairman of the Presidential Council of Yemen 'Ali 'Abdallah Salah, Iranian President 'Ali Akbar Hashemi-Rafsanjani, Sri Lankan President Dingiri Banda Wijetunga, Cyprian President Glavkos Kliridhis, Sri Lankan Prime Minister Chandrika Bandaranaike Kumarathunga [spelling of name as received], Maltese President Ugo Mifsud Bonnici [spelling of name as received], Finnish President Marthi Ahtisaari [spelling of name as received], Austrian Federal President Thomas Klestil, Swiss President Otto Stich, Moldovan President Mircha Ion Snegur, Kazakh President Nursultan Abishevich Nazarbayev, Croatian President Franjo Tudjman, Yugoslav President Zoran Lilic, Albanian President Sali Berisha, King of Norway Harald the Fifth, Queen of the Kingdom of Denmark Margrethe II, Egyptian President Muhammad Husni Mubarak, Guyanese President Cheddi Jagan, Saharan President and Secretary General of the Polisario Front Mohamed Abdelaziz [spelling of name as received], Malian President and Head of State Alpha Oumar Konare, Zairese President Mobutu Sese Seko Kuku Ngbendu Wa Za Banga, Ghanaian President Jerry John Rawlings, Senegalese President Abdou Diouf, Botswanan President Q.K.J. Masire, Head of State and Supreme Commander of the Armed Forces of Nigeria Sani Abacha, Mozambican President Joaquim Alberto Chissano, President of the Transitional Government and Chairman of the Council of Representatives of the Transitional Government of Ethiopia Meles Zenawi, Sudanese President 'Umar Hassan Ahmed al-Bashir, Algerian President Lamine Zeroual, Mexican President Carlos Salinas de Gortari, President of Trinidad and Tobago Noor Hassanali, Nicaraguan President Violeta Barrios de Chamorro, Prime Minister of Antigua and Barbuda Lester Bryant Bird, Governor-General of the Commonwealth of Bahamas Clifford Darling, Prime Minister of St. Kitts-Nevis Kennedy Simmonds, Prime Minister of Barbados Owen Arther and Venezuelan President Rafael Caldera.

The messages extend warmest congratulations to Comrade Kim Chong-il on the national day and wish him a long life in good health.

The messages express the belief that the friendly and cooperative relations between Korea and their countries will develop on good terms.

More Greetings to Kim Chong-il

*SK1309053894 Pyongyang KCNA in English 0424
GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—The dear leader Comrade Kim Chong-il received messages of greetings from party and state leaders of different countries on the occasion of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

They came from Khamtai Siphandon, chairman of the Central Committee of the Lao People's Revolutionary Party and chairman of the Central Defence and Security Commission of the Lao People's Democratic Republic, and Nouhak Phoumsavan, president of the Lao People's Democratic Republic; Yasir 'Arafat, president of the State of Palestine, chairman of the Executive Committee of the Palestine Liberation Organisation and head of the National Authority of Palestine; Mu'ammarr al-Qadhdhafi, leader of the Great September First Revolution of the Great Socialist People's Libyan Arab Jamahiriya; Hafiz al-Asad, president of the Syrian Arab Republic; Blaise Compaore, president, head of state and president of the Council of Ministers of Burkina Faso; Yaya A.J.J. Jammeh, president of the Provisional Ruling Council of the Armed Forces and head of state of the Republic of Gambia; Sam Nujoma, president of the Republic of Namibia; and Suharto, president of the republic of Indonesia.

They in their messages extend warm congratulations to Comrade Kim Chong-il on the national day and express the belief that friendly and cooperative relations between Korea and their countries would strengthen and develop still further.

Romania, Yugoslavia, More

*SK1309101594 Pyongyang KCNA in English 1002
GMT 13 Sep 94*

[All names as received]

[Text] Pyongyang, September 13 (KCNA)—The dear leader Comrade Kim Chong-il received messages of greetings from party leaders of different countries on the occasion of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

The messages came from Victor Voichita, chairman of the Romanian Party for New Society; Branko Kitanovic, general secretary of the New Yugoslav Communist Movement; Dragomir Draskovic, chairman of the National Committee of the League of Communists - Movement for Yugoslavia; Stevan Markovic, chairman of the Central Committee of the League of Communists of Yugoslavia; and Gerard Francois Yandza, chairman of the African Socialist Movement of Congo.

They in their messages extend warm congratulations to Comrade Kim Chong-il on the national day and hope for a new victory in the struggle to achieve the prosperity of the country, reunify the country and defend the dignity of the country.

They wish him good health and a long life.

A message of greetings also came to him from the Central Committee of the Communist Party of Romania on the national day.

Tangun Tomb Slated for 3 Oct Dedication Ceremony

SK1309042094

[Editorial Report] Pyongyang Korean Central Television Network in Korean at 1100 GMT on 11 September carries a 3-minute report by a camera team on the "reconstruction of the Tangun Tomb." Reception is poor.

Describing the acceleration of the tomb's reconstruction—which is being carried out at "a place about 10 ri [4 kilometers] from an up [township] of Kangdong county" thanks to the "far-reaching plan of the great leader Comrade Kim Il-song and the wise leadership of the dear leader Comrade Kim Chong-il"—the correspondent reports that the construction "has rapidly progressed for about 10 months since the ground-breaking."

Interviewing workers on the progress in constructing the stone grave, stone stairways, and parking lots as well as in tree planting, the reporter states as follows: "October 3, Kaechonjol, which is the birthday of Tangun [Note: Kaechonjol, 3 October, is observed as the National Foundation Day of Korea in South Korea. North Korea has so far not observed the Kaechonjol as a holiday or anything. There is no mention of the day either in the North Korean encyclopedia or dictionaries] is the day scheduled for the completion of the Tangun Tomb reconstruction and for the tape-cutting ceremony for its dedication."

Council of Farmers Organizations Inaugurated

SK1509053694 Pyongyang KCNA in English 0439 GMT 15 Sep 94

[Text] Pyongyang, September 15 (KCNA)—The National Council of Farmers Organisations and 12 other peasants organisations of South Korea held the inaugural ceremony of the National Council of Farmers Organisations for Supervising the Agricultural Policy in Seoul on September 12, according to a radio report from Seoul.

Pak To-kyong, who was elected permanent representative at the inaugural ceremony, said this body would play the role of supervising the fulfillment of "commitments" and "reform plan" by the Kim Yong-sam group in its agricultural policy and criticizing their nonfulfillment.

Cement Output Reportedly Increases

SK1309101994 Pyongyang KCNA in English 1003 GMT 13 Sep 94

[Text] Pyongyang, September 13 (KCNA)—The cement output is on the increase in Korea.

The output of cement showed a gain of 66 percent and that of clinker 12.3 percent in recent two months over the same period of last year, according to data available.

In the same period the Sunchon cement complex boosted the cement output 80 percent and clinker output 40 percent. The Haeju cement factory, the February 8 cement complex, the August 2 cement factory and many other enterprises have also lifted the cement output by organizing production effectively.

Upholding 'Banner' of Chuche Idea Stressed

SK1509112694 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 13 Sep 94

[Unattributed talk: "Chuche Idea Is the Banner of Struggle for the Nation's Independence and Prosperity"]

[Text] The chuche idea is a revolutionary theory elucidating the fundamental method in pioneering the nation's fate, and a true revolutionary ideology of our times leading the people toward endless happiness and prosperity.

The dear leader Comrade Kim Chong-il has pointed out: Struggle must be carried out by continuously highly upholding the banner of the chuche idea so that any difficulties and trials can be overcome, hasten the fatherland's reunification, and achieve ultimate victory in the socialist and communist cause.

Advancing by highly upholding the banner of the chuche idea is a life and death problem related to the country's rise and fall. Most of all, with the high spirit of national independence, it is a guarantee to solve correctly all problems that arise in pioneering the nation's fate with one's own opinion and strength.

The nation's prosperity and happiness lie in the struggle to realize independence. The spirit of national independence and national self-esteem lie in the root of that independence. As a person's independence is guaranteed according to an independent ideological consciousness, the nation's independence is guaranteed according to the spirit of national independence.

The spirit of national independence is to have a high awareness of the fact that the nation is the master of one's fate and will to pioneer one's own fate with responsibility. The nation cannot exist and carry out activities as an independent nation and achieve prosperity without this kind of spirit of independence.

The spirit of national independence is a fundamental element in advocating, adhering to, and strengthening and developing the nation's common features. Whatever nation it is, that nation will not be assimilated to another nation and it will adhere to the common features of [words indistinct], language, and culture, only when that nation has independence.

The spirit of national independence is also an ideological and spiritual driving force in national prosperity. A nation is equipped with infinite ability and all kinds of conditions to pioneer its own fate with its own strength,

and it is also a basic unit of the revolution and construction in realizing the popular masses' independence.

The revolutionary struggle is carried out and prosperity achieved with the nation-state as a unit. This is an inevitable process in the development of history. The spirit of national independence is a lofty revolutionary spirit to advocate and realize to the end the nation's independence. It is also an enthusiastic patriotic spirit struggling by devoting everything for its nation's wealth and development. Moreover, national self-esteem is a sentiment of national pride that its nation is just as good as another nation, and it is a awareness to be second to none in every aspect. That nation's activity, goal, direction, and fighting capacity are decided upon according to what that kind of independent spirit and self-respect is like.

People who have a strong spirit of national independence are able to adhere to their fate and pioneer it with their own strength in whatever environment. A firm principle for that kind of a nation is to live independently with a right mind and solve the nation's problems through its own strength according to its own opinion and faith.

The chuche idea is a thorough ideology of independence. The master of one's fate is oneself and the strength to pioneer its own fate lies in itself. This chuche idea occupies the position of master in pioneering the fate of the nation, a group of social beings, and tries to fulfill the role of master.

The chuche idea elucidates the road to carry out the revolution independently and creatively. Thus, the chuche idea frees the people from the restraints of old ideology blocking their independent development, makes them bear deep in their minds the responsibility that they are the master of the revolution, establishes lines and policies coinciding with the situation of their country according to their own opinion and faith, and carries out the revolution by mobilizing their own creativity.

The chuche idea makes it possible to establish chuche and push ahead with the revolutionary struggle and construction work in self-reliance. This chuche idea becomes a mighty ideological and theoretical weapon in correctly solving all problems arising in pioneering all fates of the nation.

Advancing by highly upholding the banner of the chuche idea is an important demand in achieving national unity and highly manifesting its might. Struggle for the nation's prosperity and happiness is progressed and victorious according to the chuche strength of that country's people.

The basis in maintaining this chuche strength is achieving the nation's unity. The people's might lies in unity. There is no mighty weapon as unity in pioneering the nation's fate. The nation's unity must be achieved

based on one center and one ideology so that it is solid and has vitality. This kind of ideological basis is a revolutionary ideology correctly reflecting the popular masses' intention and demand on independence.

The chuche idea is the banner of the nation's unity. This wholly embodies the consistent intention of our people and the world's progressive people on the independence of the chuche idea. In particular, this elucidates the principle of correct unity in the people's struggle to oppose all kinds of domination and subordination and realize independence.

The chuche idea teaches that the main force of the revolution is a unified body of the leader, the party, and the masses, and revolution is carried out according to the initiative action and role of the main force of the revolution. The demand of the chuche idea is that leader, the party, and the masses must unite in revolutionary struggle, and the whole nation must unite centered around the leader [yongdoja] in pioneering the nation's fate.

Only the chuche idea is a thorough idea of loving one's country and people, and a banner that makes it possible to brilliantly pioneer the nation's fate with responsibility. Advancing by upholding the banner of the chuche idea also makes it possible to exercise the nation's equality and sovereign rights. All the nations are equal and have a sacred right to decide by themselves on their fate.

The independence of the country and nation become complete when it is extended to the point when the country and nation are able to exercise equality and sovereign rights in foreign relations. Whatever the nation, if that nation cannot exercise its political right to self-determination and does not enjoy equality, the country's independence and freedom cannot be defended and cannot free itself from the situation of subordination.

If sovereign rights are lost internationally, that nation is in reality nothing but a nation that has been degraded to a colonial slave. Currently imperialists and the old and new colonial forces still remain on this earth. The imperialists are preventing the people's advance movement moving toward the road of independence and are carrying out cunning and vicious maneuvers to once again shackle the people to the fetters of slavery.

The imperialists' aggression and subversive activities and sabotages are being committed at every corner of the world. How independence should be adhered to under this kind of condition becomes an issue of principle on whether the country's true national independence and whether the nation's dignity and honor can be fulfilled.

As shown by history and reality, countries that cannot firmly adhere to independence will be robbed of the already obtained political independence and the gains of the revolution by the imperialists and their cat's claws and suffer bitter pains.

The chuche idea opposes all kinds of aggression and subordination and it not only firmly defends its independence, but it also demands that struggle be carried out opposing the imperialists who are trampling the independence of the people of other countries. Along with resolutely defending independence, the chuche idea elucidates the correct guiding principle to thoroughly adhere to it.

Therefore, adhering to the chuche idea and thoroughly embodying its guiding principle mean resolutely advocating and realizing the nation's independence. The chuche idea is our nation's life and basis for the nation's prosperity and happiness. This is an unmovable truth that was proven in putting into practice our revolution.

Under the banner of the great chuche idea, our people achieved national independence, successfully fulfilled the two-stage social revolution, and built on this land, which was destroyed, a strong socialist country of self-dependence, self-support, and self-reliant defense.

Today, the imperialists and reactionaries are making all kinds of desperate efforts to oppress and crush [apsal] our Republic, but our people are firmly uniting around the dear leader Comrade Kim Chong-il and highly upholding the banner of the chuche idea to advocate, adhere to, and elucidate the socialist cause. This shows that the chuche idea is indeed the banner of struggle for the nation's independence and prosperity.

Self-Reliance in Economic Strategy Stressed

SK1509102794 Pyongyang KCNA in English 1020 GMT 15 Sep 94

[“WPK's Revolutionary Economic Strategy is Strategy of Self-Reliance”—KCNA headline]

[Text] Pyongyang, September 15 (KCNA)—The revolutionary economic strategy of the Workers' Party of Korea presupposes self-reliance, declares NODONG SINMUN in a by-lined article today.

The article says:

To effect a great change in socialist economic construction through the display of a high degree of revolutionary spirit of self-reliance and hard work is a demand of the revolutionary economic strategy of our party and a firm guarantee for its successful implementation.

The first reason why the revolutionary economic strategy of our party presupposes self-reliance is that this strategy reflects the urgent requirement of our developing revolution. It demands that we believe in our own strength and advance and accomplish our socialism in reliance on it.

With a scientific analysis of the current situation and the demand of our developing revolution, our party set three years as a period of adjustment and advanced the task of implementing the revolutionary economic strategy.

Under the condition today when the international environment of socialist economic construction and the external economic relations have changed fundamentally, it is an important question related to the destiny and future of socialism to believe in one's own strength and build socialism in reliance on it.

The revolutionary economic strategy of our party reflects this practical demand of socialist economic construction. It is designed to build and develop the economy so as to subsist on our own efforts under any circumstances, round off the frame and structure of the economy, constantly increase production and radically improve the people's standard of living.

The second reason is that this strategy demands that we bring about a great change in socialist economic construction, inheriting the traditional fighting spirit and ethos of our revolution.

The prevailing situation and the vast revolutionary tasks facing us make it incumbent on all officials and working people to work and struggle in the same spirit and stamina as in the period of great Chollima upsurge.

The third reason is that this strategy demands that we effect a great change in socialist economic construction by making the most effective use of the solid foundation of the independent national economy.

The foundation of the independent national economy and potentials of production in our country are great.

If the maximum use is made of this great foundation of the independent economy and potentials of production, production will be increased at a faster speed than now.

South Korea

IAEA Suspects DPRK of Concealing Plutonium

SK1509005594 Seoul KBS-1 Radio Network in Korean 2300 GMT 14 Sep 94

[Text] An International Atomic Energy Agency [IAEA] official revealed on 14 September that the IAEA suspects North Korea of having concealed plutonium in a location where IAEA inspectors cannot find it, even though the IAEA deems that Pyongyang suspended its nuclear fuel reprocessing in February of 1993.

Even though the IAEA is restraining itself from making remarks that may hamper the current DPRK-U.S. negotiations, the issue of North Korean plutonium should be discussed someday, added the IAEA official.

Nuclear Expert-Level Talks in Berlin Conclude

SK1509004494 Seoul KBS-1 Radio Network in Korean 0000 GMT 15 Sep 94

[Text] This is a report by correspondent Yi Myong-ku from Berlin. The nuclear technology-related expert-level

talks between the DPRK and the United States in Berlin have concluded with the final talks that continued until this morning.

The United States and North Korea held a conference this morning for approximately 30 minutes beginning at 0700 [2200 GMT] in the North Korean mission, finalizing the current talks.

The talks were originally scheduled to begin at 0200 [1700 GMT] this morning, but began five hours late because the U.S. delegation did not arrive. After the talks, Saymore, the senior U.S. delegate, said the talks have ended and the results will be announced in Washington.

Kim Chong-u, the senior North Korean delegate, said he will reveal North Korea's position at a news conference scheduled for 1700 [0800 GMT]. However, it has been learned that during the current talks, the two sides only confirmed each other's positions and opinions on important pending issues, including support for light-water reactors, disposal of nuclear rods, and support for alternative energy. They agreed to continue discussions at the full-dress talks slated for 23 September in Geneva.

North Proposals 'Unrealistic'

SK1509022494 Seoul YONHAP in English 0213 GMT
15 Sep 94

[Text] Berlin, Sept. 15 (YONHAP)—North Korean and U.S. experts ended a five-day meeting on technical matters related to Pyongyang's nuclear development program here Wednesday [14 September].

Kim Chong-u, vice chairman of the External Economy Commission, headed the North Korean delegation while his U.S. counterpart was Gary Saymore, deputy director of Regional Nuclear Nonproliferation at the State Department.

At Wednesday's meeting comprised of three sessions at the North Korean Interest Section, the two sides reportedly confirmed their respective positions on agenda items, such as the light-water reactors North Korea hopes to build.

An outburst of laughter was even heard from the meeting room just before the 30-minute final session came to an end.

Emerging from the session, Saymore told reporters the meeting was over, his first words to the press that day. He added that there would be an official statement on the meeting in Washington Thursday and that the white house would decide when to issue the statement.

Kim Chong-u said he would hold a press briefing on the talks at the North Korean Interest Section Thursday.

The discussions focused on assistance for North Korea's light- water reactor construction, the supply of alternative energy to the North during the conversion period

and the treatment of spent fuel rods taken out of its five-megawatt graphite-moderated reactor at the Yongbyon nuclear complex. The light-water reactor issue, to no one's surprise, held sway throughout the 5-day meeting, sources said.

North Korea, strongly opposing the U.S.-offered South Korean type of light-water reactor, proposed instead a European model, the latest Russian reactor or a third model.

The two sides exchanged views on the economics, technical problems and other features of each model but did not discuss matters related to policy-making, such as how to finance the light- water reactor construction project, they added.

On the treatment of spent fuel rods, they were close to an agreement on extending the storage period for the rods, which are currently being kept in a cooling pond.

The North Korean delegation reportedly made unrealistic and unpracticable proposals, such as demanding compensation for discontinuing construction of its two graphite-moderated reactors, compelling the U.S. delegation to confer with its home government several times.

Both sides will take into account the results of the Berlin experts' meeting in preparing for their high-level talks slated to open Sept. 23 in Geneva.

North Requests \$120 Million

SK1509084494 Seoul TONG-A ILBO in Korean
15 Sep 94 p 2

[Text] It was learned on 14 September that North Korea requested \$120 million, the amount spent so far to build nuclear reactors, from the United States in return for the suspension of the ongoing construction of their 50 and 200 megawatt graphite-moderated nuclear reactors, in addition to support for building a light-water reactor and for providing alternative energy.

Foreign diplomats in Seoul stated that "during a meeting of U.S. and DPRK experts held in Berlin, North Korea demanded the additional money, running counter to an agreement reached at the third round of talks on 13 August in Geneva." They also said that "the United States and North Korea disagreed regarding the issue."

Regarding such a request from North Korea, the U.S. position is that it will not be able to give compensation for North Korea's expenses for building nuclear reactors, in addition to the support for building the light-water reactor and supplying alternative energy. Also, it has been learned that the ROK and the United States will discuss the issue during the 15 September meeting of ROK-U.S. high-level officials attended by Nuclear Ambassador Kim Sam-hun and U.S. Assistant Secretary of State Robert Gallucci.

North Korea has expressed its strong position that it would not allow Korean-model reactors to be built, nor adopt any form of reactor led by the ROK.

DPRK Rejects ROK-Model Reactors

*SK1509105694 Seoul KBS-1 Radio Network in Korean
1011 GMT 15 Sep 94*

[Text] At the U.S.-North Korean expert-level meeting in Berlin, North Korea stated that it could not accept ROK-model light-water reactors and demanded the supply of European models.

Kim Chong-u, North Korea's chief delegate, disclosed this during a post-meeting news conference. Correspondent Yi Myong-ku reports from Berlin:

[Yi Myong-ku] Kim Chong-u, North Korea's chief delegate to the U.S.-North Korea expert-level meeting, said that North Korea had the right to choose from light-water reactors and could not accept the ROK model because no unit was presently operational.

Delegate Kim also said that Westinghouse of the United States, Siemens of Germany, and Framatome of France produce light-water reactors and that North Korea would choose one of them in an international bid.

Delegate Kim hinted that North Korea had a preference for the German model, saying that 36 German-model reactors had been manufactured and that 27 of them had been exported.

He also said that ROK's financial participation in the project to provide light-water reactors to North Korea would cause no problem.

[Begin Kim Chong-u recording] The United States expressed its intention to form an organization to supply light-water reactors. I think there would be no problem if South Korea participates in this project financially. [end recording]

[Yi Myong-ku] However, no decision was made during this meeting as to which light-water reactor model would be chosen.

North Korea demanded that it receive compensation for the construction costs for the two graphite-moderated reactors—the 50-megawatt and 200-megawatt graphite-moderated reactors.

North Korea also said that it would preserve the spent fuel rods as they are now until the end of September and the procedure on how to preserve them later would be discussed during the upcoming Geneva talks.

During today's news conference, delegate Kim Chong-u called Kim Chong-il great general [widaehan changgunnim], which is a departure from North Korea's previous renderings.

Text of U.S.-DPRK Statement

*SK1509111694 Seoul YONHAP in English 1109 GMT
15 Sep 94*

[Text] Berlin, Sept. 15 (YONHAP)—Following is the full text of a joint press statement on the U.S.-North Korea

experts meeting held here in Berlin recently as disclosed by the chief North Korean negotiator on Thursday:

"The Democratic People's Republic of Korea (DPRK) and the United States of America (USA) held expert-level discussions in Berlin from September 10 to 14, 1994, in accordance with the agreed statement of the third round of DPRK-U.S. high-level talks.

"Both sides discussed complex working-level matters including the replacement of the DPRK's graphite-moderated program with LWR [light-water reactor] technology, the safe storage and disposition of the spent fuel, and provision of alternative energy.

"The two sides held full and frank discussions, and agreed that the DPRK and the USA would discuss these issues further.

"Both sides agreed to report the outcome of their discussions to their respective governments."

Gallucci, Han Discuss Measures for Geneva Talks

*SK1509041794 Seoul KBS-1 Radio Network in Korean
0300 GMT 15 Sep 94*

[Text] The ROK and the United States discussed joint measures to prepare for the second session of the third round of U.S.-DPRK talks slated for 23 September, including the plan to support North Korea with an ROK-model light-water reactor.

Reporter Yi Yang-tok reports from the National Unification Board.

[Begin Yi recording] ROK Foreign Minister Han Sung-chu today received Gallucci, the senior U.S. delegate to the U.S.-DPRK talks, who is currently visiting the ROK. They shared the view that the ROK's initiative participation [chudojok chamyoga] should be ensured in order to support light-water reactors for the DPRK.

Minister Han Sung-chu particularly stressed that for the ROK Government to actively participate in the project to support light-water reactors for the DPRK, North Korea's nuclear transparency must be ensured and conditions to support light-water reactors must be acceptable to the ROK.

Regarding this, a Foreign Ministry spokesman Chang Ki-ho stated that Delegate Gallucci said he would undertake the utmost efforts to finalize the issue of light-water reactors, for which the ROK will play the main role, during the U.S.-DPRK high-level talks to be resumed on 23 September.

At the same time, the ROK and the United States agreed the North-South dialogue should be realized for progress in U.S.-DPRK relations, and shared the view that resuming the North-South dialogue should be actively pushed during the upcoming U.S.-DPRK high-level talks.

The ROK and the United States reconfirmed that, as agreed upon between the ROK and U.S. foreign ministers on 7 September, past suspicions about the DPRK's nuclear capability should be removed through special inspections and the like to ensure the transparency of North Korea's nuclear program.

Delegate Gallucci and his entourage paid a courtesy call on Yi Hong-ku, deputy prime minister for unification, and explained the status of progress in the U.S.-DPRK expert-level talks. At the meeting, Deputy Prime Minister for Unification Yi Hong-ku stressed that concluding a peace agreement on the Korean peninsula should be discussed and resolved between North and South Korea.

Delegate Gallucci and his entourage will hold working-level talks this afternoon with nuclear-related officials from our government—including Kim Sam-hun, ambassador for the nuclear issue—and will concretely discuss the issue of finance sharing as regards light-water reactors. [end recording]

Gallucci, Nuclear Envoy Confirm Principles

*SK1509082994 Seoul YONHAP in English 0821 GMT
15 Sep 94*

[Text] Seoul, Sept. 15 (YONHAP)—South Korea and the United States reconfirmed their principles in dealing with the North Korean nuclear dispute Thursday, standing together to push the South Korean reactor model and Seoul-Pyongyang dialogue.

South Korean nuclear ambassador Kim Sam-hun, emerging from a high-level policy coordinating session with Robert Gallucci, chief of the U.S. policy team on the North Korean nuclear issue, said they also agreed that a Korean peace treaty is for Seoul and Pyongyang to settle, not for Pyongyang and Washington.

Kim said Seoul is not insisting that "South Korean model" be written in the contract on providing a light-water reactor to North Korea, but remained firm that it must be the principal supplier.

He suggested that South Korea and the United States are willing to give assurances to North Korea on supplying an advanced reactor, calling it a "necessary part of a successful resolution."

The coordinating session precedes further North Korea-U.S. high-level dialogue resuming in Geneva on Sept. 23. It follows experts' talks held simultaneously in Pyongyang and Berlin.

All the elements of a deal were laid out in previous negotiations last Aug. 13—mainly trading better Pyongyang-Washington ties for North Korea's coming clean on its secretive nuclear program.

Officials said Thursday's session was designed to set a "sequence" to the list of elements in the deal, determining what comes before what and when.

Kim refused to disclose the details of the sequence but pointed out some of the immediate and more long-range actions both sides could take.

Pyongyang, for instance, could officially return to the Nuclear Non-Proliferation Treaty (NPT), come back as a member of the International Atomic Energy Agency (IAEA) and accept full nuclear safeguards.

The United States, in return, could improve ties with North Korea, arrange for the provision of light-water reactors and guarantee that no nuclear attack would be launched.

The South Korean ambassador showed unusual willingness to assure Pyongyang on the reactors, hinting at substantial progress between Seoul and Washington on the matter.

"The two sides agreed that the reactor issue will be a critical element at the Sept. 23 meeting and, therefore, shared the view that assuring North Korea that it will be provided with light-water reactors when the nuclear problem is solved is important," Kim said.

"We held very in-depth discussions on various possibilities.

"There is no question among South Korea, the U.S. and Japan that Seoul has to be, for technical and financing reasons, the central participant in building nuclear reactors for North Korea.

"But 'South Korean model' is not an internationally recognized term," Kim said when asked if Seoul would insist on inserting this phrase per se into the contract.

North Korea is resisting the South Korean model and is said to have made suggestions about wanting the Russian or German model instead.

"We simply refer to it as 'South Korean model' to indicate that we will be the main supplier," Kim said. "But if a changed expression would give North Korea the justification to accept our model, then we could certainly exercise flexibility."

Gallucci met earlier in the day with Foreign Minister Han Sung-chu to reaffirm South Korea's central role in providing light-water reactors to the North.

Han and Gallucci also agreed on the need to keep U.S.-North Korea relations moving parallel with inter-Korean ties, ministry spokesman Chang Ki-ho said.

Gallucci told Han that neither North Korea nor the United States mentioned exactly when an exchange of liaison offices should take place at the Pyongyang expert-level talks.

U.S. Criticized for Asking Guarantee on Funds

*SK1409142494 Seoul TONG-A ILBO in Korean
13 Sep 94 p 3*

[Editorial: "U.S. Demand For Prior Guarantee of ROK Participation"]

[Text] It appears that the United States, with a view to concretely materialize the issue of supporting North Korean light-water reactors, is planning to obtain a prior guarantee of participation and providing the support later. The United States is discussing with each nation which will participate in support for light-water reactors and is getting together opinions from these nations. However, one should cool-headedly examine the U.S. plan to see if it is reasonable and effective.

According a report, the U.S. Administration requested the ROK Government to clarify its pledge, in the form of President Kim Yong-sam's personal letter, to actively participate in support of North Korean light-water reactors. This is linked with the U.S. plan to obtain a prior guarantee for participation. Although a guarantee in the form of President Kim's personal letter is one of several means for discussion, one should not overlook a pitfall in this plan. The ROK is not in the position of changing its basic policy stipulating that the two conditions regarding North Korean nuclear transparency and ROK-model light-water reactors should be met concretely. Unless these two preconditions are insured, prior guarantee for supporting light-water reactors, which pledges to bear financial burdens, is not reasonable in terms of order of the work.

In the event that the ROK calls for support of light-water reactors, even if North Korea refuses the ROK-model reactors to the end, the government will certainly lose its persuasive power. We urge the United States to put into consideration the ROK's domestic situation, just like the United States has its own domestic situation. Furthermore, if prior guarantee for participation signifies a formula of accumulating funds in advance, even severer criticism would occur. The support of light-water reactors must be offered in kind, and the financial burden is merely an alternative plan to be implemented only when offering in kind is difficult due to domestic situation of the nations participating in the support. We call on relevant officials of the United States and North Korea participating negotiations to remember that there are clearly actual commodities called ROK-model nuclear reactors in the ROK. The share of participation can be decided on the content of participation.

On the other hand, the government should finalize its position regarding the issue of supporting light-water reactors. First is to work out a legal basis. One cannot satisfactorily explain the justness of the issue with the theory on the president's unique sovereign power regarding fulfillment of his mission for national reunification alone. This is also applied to the law on North-South exchange and cooperation.

Perfection of legal procedure is urgently necessary for the issue of forming a civilian-level consortium. Otherwise, the North Korean side will try to find a pretext for quarreling over the National Security Law in the ROK. The attitude of coping with situation in a cool-headed and prudent manner is most earnestly needed for the government.

Second is the issue of insuring nuclear transparency as a precondition for supporting light-water reactors. The government should now clarify to what extent it set the limit of nuclear transparency. The government should include examination of North Korea's past nuclear activities in this regard. However, how to examine them and the issue as to what degree the nuclear transparency can be admitted should be left to the judgment of the International Atomic Energy Agency. Third, the government should decide on whether the support of light-water reactors, which can be called a first project of common national development plan, should be provided unilaterally without an agreement between the North and the South. Thus, we call on the government to finalize its concrete position at an early date.

Differences Between Light-Water Reactors Viewed

*SK1109112394 Seoul KBS-1 Radio Network in Korean
1000 GMT 11 Sep 94*

[Text] It has been learned that not a single German-style light-water reactor, which the DPRK is reportedly showing interest in, has been sold to a foreign country. This is because permission must be obtained to export a light-water reactor in accordance with German law, and because light-water reactors are so strictly restricted it can be sold only to those countries who have joined the agreement on banning nuclear proliferation. As has been analyzed: Realistically speaking, the possibility is extremely slight that a German-style light-water reactor will be selected as the light-water reactor to be supplied to North Korea.

The price of one German-style reactor is more than \$3 billion. Therefore, it is far more expensive than an ROK-style reactor, whose price per unit is about \$2 billion.

The ROK and the United States have an understanding that if an ROK-style light-water reactor is supplied to the DPRK, only then will the South aid in relevant finance to North Korea. Therefore, there is virtually no possibility that any alternative besides an ROK-style reactor will be selected.

U.S. Specialists' Views on Korean Issues Noted

*SK1509091894 Seoul CHOSON ILBO in Korean
15 Sep 94 p 2*

[From the "Reporter's Memo" column by Washington-based reporter Chong Hae-yong: "U.S. View of the Korean Peninsula"]

[Text] On 13 September, when the U.S.-North expert-level talks in Pyongyang and Berlin were in their final stages, I had the opportunity to exchange opinions with specialists on the Korean peninsula from the U.S. Congressional Research Service [CRS]. They showed much interest in the ROK domestic political situation, as well as in North Korea's nuclear issue.

The senior research fellows of the CRS also gave a unique analysis on the dynamics of the relationship between Kim Yong-sam and Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation and who will be visiting the United States this weekend. They viewed that the still existing confrontational relationship between the two Kims is affecting South-North relations and the process of the solution of North Korea's nuclear issue.

They said that there are few specialists on Korean affairs in the U.S. Congress and Administration. In addition, since the inauguration of the Democratic Party, the main focus of the Congress has shifted to domestic issues in order to deal with the opinions of their constituents. They went on to say that there are few working-level officials at the White House and the Department of State who are specialists in Korean affairs. They analyzed that the nuclear issue is being handled by the Bureau for the Prevention of Nuclear Proliferation, rather than the Bureau for the East Asian-Pacific Affairs at the Department of State. As a result, U.S. policy toward North Korea's nuclear issue is deeply connected with the maintenance of the Nuclear Nonproliferation Treaty system.

In particular, they said that the Clinton administration has the notion that both "South and North Korea" now exist—not "the ROK" only—on the Korean peninsula. Their unanimous view was that North Korea's nuclear issue would be solved in whatever form by the spring of 1996 when Clinton begins a campaign for his reelection in earnest.

In case the North's nuclear issue is not solved by that time, Clinton must be ready to be dealt a fatal blow. They analyzed that North Korea, too, would eagerly stick to the question of the solution of the nuclear issue in view of its own economic situation and of the U.S. domestic political situation. They said that the ROK and North Korea are dragging the discussion of the nuclear issue because the ROK and North Korea are using the "light-water reactor bargaining chip." They analyzed that taking advantage of the construction period, which will span more than eight years, North Korea is pursuing a "India-Pakistani type" solution, in which the past nuclear activities of those countries are tolerated.

Talking with the CRS Korea specialists, I reached my own conclusion that ROK citizens should no longer harbor the fixed idea that the United States is our "blood-tied ally"; that North Korea, too, should understand at an early date that North Korea is "a partner to the dialogue with the United States"; and that the ROK Government should work out its policies toward the United States and the North on the basis of such a perspective.

Businesses' Advance Into North Considered

SK1509074994 Seoul KYONGHYANG SINMUN in Korean 15 Sep 94 p 8

[Report by Pak Hung-sin]

[Text] It has been learned that North Korea has been issuing a large number of warranty deeds and letters of attorney to Korean enterprises based in foreign countries, such as China and the United States, to actively induce foreign investments for the development of the Najin-Sonbong zone.

In accordance with such a move by North Korea, some Korean enterprises based in foreign countries, and foreign enterprises of France, Australia, China, and Russia have already begun business activities in North Korea. It has also been learned that U.S. enterprises such as Coca Cola, Federal Express, and American Telephone and Telegraph [AT&T] have had active contacts with the North Korean Government or North Korean trading officials based in Southeast Asia. Coca Cola, in particular, has already finished a survey of North Korea's cold beverage market.

According to the businesses concerned and the Korea Trade Promotion Corporation on 14 September, seven Korean enterprises based in America have begun business activities in North Korea in the mineral water, clothing and needlework, and adhesive fields. There are about 10 Korean enterprises based in the United States that have already advanced into North Korea or have been making preparations to advance into North Korea. The following are the Korean businesses based in America now engaged in business activities in North Korea: Choson Saemmul Company, Limited, which is famous for Sindok mineral water; Sambang Union Joint Venture Company and Chongjin Joint Venture Company, both specializing in clothing; Myongsin Joint Venture Company, which produces graphite; and Aeguk Adhesives Company, which produces adhesive items.

So far, American enterprises have not advanced into North Korea because of the U.S. law banning trade with hostile countries. Coca Cola has recently been seen engaged in a move to advance into North Korea—in the most substantial way—on the basis of its local corporate body in China.

Federal Express, whose specialty is the forwarding of international air mail and cargo, is also making active contacts with North Korean trading officials in preparation for North Korea's opening up. Since a long time ago, AT&T has been mapping out a strategy to be the first to make inroads into North Korea in preparation for the realization of economic exchange between the United States and North Korea.

Daily Views U.S. 'Unreasonable' Trade Demands

SK1409142294 Seoul SEOUL SINMUN in Korean 13 Sep 94 p 3

[Editorial: "The United States Is Urged Not To Make Unreasonable Demands"]

[Text] ROK-U.S. working-level trade talks are supposed to open in Seoul on 13 September. It seems that the two countries will hold intensive discussions on the car

market opening, food sanitation, the protection of trademarks, and other ROK-U.S. pending trade issues in the talks. Because the talks are going to be held before the U.S. Trade Representative's designation of countries for early negotiations slated for late September, we cannot help but pay attention to the U.S. demand for market opening.

U.S. Trade Representative Mickey Kantor sent a letter to the ROK Ministry of Commerce, Industry, and Resources in late July demanding that the ROK execute an additional lowering of tariffs on cars and revise the domestic tax system based on engine displacement. Insisting that our car tariffs, which have already been lowered to 8 percent, are still high, the United States is demanding that the ROK lower them again down to 2.5 percent in a certain period in the future. The United States also demands the change of the ROK displacement-based domestic tax system—such as special excise taxes, registration taxes, subway bonds—to a unitary tax system.

Regarding the issue of protection of trademarks, the United States seems to demand the protection of all registered U.S. trademarks, insisting that ROK companies' infringement upon U.S. trademarks is increasing. In March, for food sanitation, the ROK Ministry of Public Health fixed the circulation period of frozen smoked sausage imported into the country to be 30 days. Saying this decision is unreasonable, the United States is demanding the restoration of the circulation period to 90 days.

With respect to the car market opening issue, the more concessions the ROK makes, the more attacks the United States launches in waves. Furthermore, the United States has made statements interfering in domestic affairs, beyond the level of negotiations, annoying the ROK people's sentiment. In accordance with the U.S. demand, we have decided to down the tariffs on car by 2 percent point lower than those of EC. However, the United States still demands our government's purchase of U.S. cars and the revision of our domestic tax system to a unitary tax system. These demands interfere in domestic affairs.

The U.S. demand regarding the protection of trademarks runs counter to the territorial principle of the Paris treaty, an international treaty on trademarks, and to the principle of giving preference to the first applier and register stipulated in our domestic law. The registration principle is an international custom, which has been adopted in the Uruguay Round agreement on intellectual property rights.

The United States puts trade pressure on the ROK too often by mentioning the invoking of the Super 301 provision. It is endlessly demanding the ROK's opening and demands even what are contrary to international standards or customs. Negotiations must be based on international customs of general customs of each country. The U.S. unreasonable demands running

counter to international customs, far from creating an atmosphere of trade cooperation, incite our people's sentiment and reduce the friendship and mutual confidence between the two countries. Thus, the United States should clarify the grounds of negotiations and place reasonable issues on agenda of trade negotiations. It is righteous for the United States to control itself from putting pressure that can be interference in domestic affairs on the ROK. Also, our government must not accept any unreasonable demand under any circumstance.

Signing of 'Secret Contract' on Tangerines Denied

*SK1309003694 Seoul THE KOREA TIMES in English
13 Sep 94 p 8*

[Text] Officials of the Ministry of Agriculture, Forestry and Fisheries yesterday denied news reports that the government has signed a secret contract to restrict exports of tangerines produced in Cheju Province to the United States in the recent bilateral talks on plant quarantine.

The denial came in response to press reports carried in some local newspapers in Cheju Province that the Korean government had agreed to unfavorable terms in pushing for tangerine exports to the U.S. at the expense of tangerine growers in Cheju Province.

According to the reports, the United States proposed to tighten its quarantine procedures on Korean tangerines in the bilateral talks held in Seoul in June and Korea accepted the proposal, saying the contents of the deal should be kept secret.

After the reports were carried in the press, residents in Cheju-to lashed out at the government, strongly calling for the unveiling of the secret Korean-U.S. contract.

"The reports must have misinterpreted the June agreement," a ministry spokesman said.

Under a "work plan" reached by Korea and the U.S. in June, the latter is entitled to block Korean tangerines from being imported into its five states, major producing regions of tangerines and oranges. The states are California, Florida, Texas, Louisiana and Arizona.

Dailies on 'Preconditions' for Peace Agreement

SK1509124294

[Editorial Report] The following is a compilation of editorials carried by Seoul vernacular dailies on 15 September on North-South relations and the preconditions for a peace agreement with North Korea.

The moderate TONG-A ILBO on carries on page 3 a 900-word editorial entitled "The Order of Priority in North-South Relations." The editorial begins: "North Korea has raised the issue of signing a peace agreement with the United States. The ROK Government is prudently considering proposing a peace agreement between

North and South Korea. There is no reason to oppose establishing a peace system on the Korean peninsula in order to convert the current armistice state into a state of the termination of the war. The problem is that North Korea has preposterously insisted that the United States, not South Korea, be a party to the peace agreement, even though South Korea is in confrontation with North Korea."

The editorial notes North Korea's thorough principle to exclude South Korea in resolving the North Korean issue, pointing out South Korea's lack of ability to formulate strategy to deal with North Korea. The editorial notes the importance of diplomatic activities in persuading the U.S. Administration to become aware that the North and the South should be the main force in establishing the peace system on the Korean peninsula, pointing out that "the North and the South should directly meet to discuss the establishment of the peace system on the Korean peninsula," and that "the present armistice system should be maintained on the peninsula."

The editorial notes North Korea's position that it would not accept South Korean-model reactors in building light-water reactors, stating that "the United States should try to grasp the basic background of North Korea's refusal of Korean-model reactors." The editorial urges the government to make priorities in dealing with North Korea regarding the U.S.-North Korean peace agreement, North Korea's refusal of Korean-model reactors, and North Korea's refusal of special inspections.

The moderate HANGUK ILBO carries on page 3 a 900-word editorial entitled "The Preconditions for a Peace Agreement."

The editorial writes: "It is very significant for the Democratic Liberal Party, DLP, to consider the conversion of the present armistice state into a peace state on the Korean peninsula in preparation for the rapid development of U.S.-North Korean relations and the promotion of their economic cooperation." Referring to the basic background of the DLP's positive movement toward a peace agreement and the background of North Korea's proposal for a peace agreement with the United States, the editorial writes: "North Korea has tried to normalize relations with the United States and to replace the Armistice Agreement with a peace agreement by terminating hostile relations with the latter. Needless to say, it is designed to urge the United States to withdraw U.S. troops from South Korea by signing a peace agreement, excluding South Korea."

Referring to the basic preconditions—such as a North-South peace agreement, North Korea's guarantee for peace on the Korean peninsula through a U.S.-North Korean nonaggression agreement, and the continuous presence of U.S. troops in South Korea—the editorial writes that peace must be firmly guaranteed on the Korean peninsula through UN resolutions if North and South Korea intend to revise or change the Armistice Agreement.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "Conditions for South-North Peace Agreement." The editorial begins by noting that an "armistice" system, not peace, has continued on the Korean peninsula for 41 years. However, noting the rapid improvement in relations with the United States, North Korea is calling for the conclusion of a peace agreement. The editorial says that there is no reason for the ROK to "reject the peace agreement, if it will dissolve South-North confrontational relations and will begin a policy to guarantee the settlement of peace." However, it goes on to say that North Korea is being stubborn by claiming that this matter must be discussed with the United States only. The editorial stresses that "if North Korea truly has the will for peace between the South and North, it is natural to discuss this matter with the party concerned that is to execute and abide by the agreement." Then the editorial criticizes North Korea's claim, saying that this is only a "poor sophistry," and notes that "the fact that North Korea is still not recognizing South Korea's entity, even though North Korea joined the United Nations with South Korea simultaneously, is that North Korea has no interest in regional stability." The editorial concludes by writing: "The United States must prevent from the beginning North Korea's strategy to formulate the peace agreement excluding South Korea at a time when nuclear negotiations are taking place."

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "South-North Dialogue Must Be Resumed." The editorial begins by noting that it welcomes the government's efforts on seeking various ways to resume South-North dialogue, which is currently in a stalemate. The editorial notes that such moves show that the issue of the Korean peninsula must be resolved through dialogue by the party's concerned, that is South and North Korea. Noting that North Korea's claim that discussing the issue of concluding the peace agreement must be carried out with the United States only, the editorial stresses that "it is only stubbornness suiting its unification front strategy aimed at withdrawing the U.S. Forces stationed in South Korea and abolishing the ROK-U.S. security treaty." The editorial concludes by stressing: "The parties concerned in resolving all issues on the Korean peninsula, including the North's nuclear issue, is South and North Korea."

DP Urges Signing of Peace Agreement With North

SK1309004994 Seoul THE KOREA HERALD in English 13 Sep 94 p 2

[Text] The main opposition Democratic Party (DP) yesterday called on the Seoul government to transform the armistice agreement effective on the Korean Peninsula into the peace accord.

The armistice agreement was signed between the United States-led United Nations on the one hand and North Korea and China on the other hand at the end of the Korean War in July 1953.

"As written in the basic agreement between South and North Korea which took effect in 1992, it is desirable for the government to put the Korean Peninsula under a peace state, accordingly the armistice treaty should be replaced with the peace accord," alleged the DP.

The party said, "If the government sticks to the armistice treaty, it may face diplomatic isolation."

The United States and North Korea may discuss transformation of the armistice treaty into the peace pact in the on-going expert-level talks and the upcoming high-level talks between them, the party insisted.

The opposition party also stressed that the peace accord should be signed between South and North Korea, opposing the suggestion made by the Pyongyang regime that the peace treaty be signed between the United States and North Korea.

Minister Yi Stresses Inter-Korean Relations

SK1509064194 Seoul YONHAP in English 0635 GMT
15 Sep 94

[Text] Seoul, Sept. 15 (YONHAP)—Deputy Premier and National Unification Minister Yi Hong-ku said Thursday [15 September] that an exchange of liaison offices between Washington and Pyongyang without any improvement in inter-Korean relations would not help to settle the North Korean nuclear issue.

He made the observation during a meeting with U.S. Assistant Secretary of State Robert Gallucci, who called on Yi at his office in the morning, a National Unification Board official said.

Yi stressed that securing Pyongyang's nuclear transparency must be a basic condition for improved inter-Korean and U.S.-North Korean relations.

"It is a national consensus that South Korea should play the leading role in providing light-water reactors to North Korea," the chief unification policy-maker was quoted as telling Gallucci.

This is not the right time for the United States to discuss a peace treaty with North Korea, nor is it a matter to be tackled by the two countries alone, he stressed.

Yi told Gallucci that firm Seoul-Washington cooperation has never been more important than now in dealing with North Korea.

Gallucci will head the U.S. delegation to high-level nuclear talks with North Korea slated to open in Geneva on Sept. 23.

'Separation' of Politics, Economy in North Issues

SK1509015694 Seoul YONHAP in English 0143 GMT
15 Sep 94

[Text] Seoul, Sept. 15 (YONHAP)—The government is cautiously considering ways to separate inter-Korean

economic cooperation from political issues such as the North Korean nuclear dispute.

A government official said Thursday [15 September] that Seoul is looking at handling business and political matters separately in pushing for better inter-Korean economic relations, given that the United States and North Korea look set to agree to an exchange of liaison offices by year's end.

"In that case, foreign companies like American firms are expected to advance into North Korea before South Korean businesses' entry into the communist country," he said.

Once such separation was realized, he continued, the government would move to put into practice an attached agreement concerning South-North economic cooperation by activating processing-on-commission trade and calling for the opening of regular sea routes.

In the case of processing-on-commission trade, under which South Korea sends raw or subsidiary materials to North Korea, the government plans to allow some South Koreans to go to the North. Comprising three- to five-member teams from each firm, they would supervise quality control and material management in North Korea.

For its part, Pyongyang is reportedly not opposed to a limited number of personal exchanges involving technicians and others.

In addition, the government plans to permit the shipment of industrial equipment like weaving machines for processing of such light-industry products as textiles and stuffed toys.

The government's planned go-ahead has been prepared in response to businesses' request for the dispatch of personnel in charge of the processing trade and the shipment of industrial equipment.

Persons related to inter-Korean trade asked the government last May to allow technicians and material managers to visit North Korea during a meeting attended by national unification minister Yi Hong-ku. The meeting was jointly arranged by Rep. Kang Kyong-sik of the ruling Democratic Liberal Party and Rep. Yi Pu-yong of the opposition Democratic Party.

The government may also designate priorities for South Korean investment in North Korea to prevent overheated competition among firms when inter-Korean economic cooperation kicks into high gear.

However, it will entrust the assigning of priority to various economic organizations and business associations, out of respect for the private sector's autonomy.

DP Leader Urges Proposal of Inter-Korean Summit

SK1509012694 Seoul THE KOREA HERALD in
English 15 Sep 94 p 2

[Text] Yi Ki-taek, leader of the main opposition Democratic Party (DP), yesterday urged the government to

officially propose holding an inter-Korean summit when the power transition in North Korea is completed, possibly in mid-October.

He said, "By initiating proposals for the inter-Korean summit, South Korea needs to give North Korea face in a bid to build trust between Seoul and Pyongyang and promote reconciliation."

The DP leader charged that South Korea alone has so far not emerged from the icy confrontation with North Korea and thus has weakened its own position in dealing with pending issues on the Korean Peninsula, while adjacent countries such as the United States and Japan have rushed to establish post-Cold War ties with North Korea.

Yi alleged that if this situation continues, Seoul will be outdone by Washington and Tokyo in economic cooperation with Pyongyang.

He welcomed the government's declaration Tuesday [13 September] of studying ways to reopen South-North dialogue at all levels, including exchanges of people and economic cooperation, if the upcoming Washington-Pyongyang talks, scheduled for Sept. 23 in Geneva, prove to be successful.

Yi also called on the government to play a leading role in transforming the armistice agreement effective on the Korean Peninsula into a peace accord.

The armistice treaty was signed between the United States-led United Nations on the one hand and North Korea and China on the other at the end of the Korean War in July, 1953.

"As written in the basic agreement between South and North Korea which took effect in 1992, it is desirable for the government to put the Korean Peninsula under a peace state. Accordingly the armistice treaty should be replaced with the peace accord," said the DP leader.

However, he insisted that the peace accord should be signed between South and North Korea, opposing suggestions made by Pyongyang that the peace treaty be signed between the United States and North Korea.

North Korea, which had so far alleged that the armistice treaty must be substituted by the peace pact, has stepped up its offensive since China announced early this month that it will withdraw its delegates from the Korean Military Armistice Commission.

Yi also urged North Korea to abandon its strategy of freezing out South Korea in dealing with issues on the Korean Peninsula.

He said, "North Korea should come to the negotiating table for dialogue with South Korea to discuss pending issues on the Korean Peninsula, including replacement of the armistice agreement with the peace accord."

Student Arrested for Supporting North Proposal

SK1109085494 Seoul KBS-1 Radio Network in Korean 0800 GMT 11 Sep 94

[Report from the KBS Bureau in Chinju, South Kyongsang Province]

[Text] On 11 September, the Chinju Police arrested Kang Han-su, a junior at the Law Department of Kyongsang University, for supporting North Korea's proposal for national unification.

Kang, who is chairman of Kyongsang University's Committee for the Fatherland's Unification, was arrested on charges of leading an illegal meeting and demonstration—which included supporting North Korea's proposal for the confederal system as well as producing and distributing material benefiting the enemy—at the inaugural meeting of the committee held in May.

North Plans Najin-Sonbong as 'Tourist Complex'

SK1509033794 Seoul SEOUL SINMUN in Korean 13 Sep 94 p 10

[Article by reporter Ku Pon-yong]

[Text] The North Korean authorities, who suffer headaches because of ever-increasing foreign debts, have recently accelerated the development of the Najin-Sonbong Free Trade Zone to induce foreign capital and earn foreign currency.

In accordance with its three principles—trade first, light-industry first, and agriculture first—which it declared last year, the DPRK has galvanized the direct investments of foreign enterprises in the Najin-Sonbong Special Economic Zone, seeking a breakthrough in the solution of its foreign debt problem.

As part of such efforts, the North has recently engaged in active public relations activities to advertise its plan to develop the Najin-Sonbong area as a large-scale international tourist complex. On 6 September, the External Economy Cooperation Commission [name as published] introduced this plan in a pamphlet entitled "Najin-Sonbong, a Golden Delta."

According to this plan, the DPRK will build tourist hotels that can accommodate 5,000 people, tourist villas that can accommodate 25,000 people, and a camp site.

During the first half of this year, North Korea hastily built a barbed wire fence around the Najin-Sonbong area, which extends for 746 square km. This was also a preliminary measure to prevent the winds of capitalism—which will blow in following the advance of foreign enterprises—from spreading across all of North Korea. In other words, even on a limited basis, this was a self-protection measure aimed at preventing its residents from being agitated as a result of opening up.

Despite such preparations, North Korea has not achieved any tangible results from foreign investments,

except for the establishment of a small-scale joint venture DPRK-Russia trading company. Therefore, it is analyzed that North Korea still has a long way to go to solve its foreign debt problem through the expansion of its export base.

In connection with foreign investments in the Najin-Sonbong area, North Korea has resumed the construction of the "Najin Hotel," which can accommodate about 220 foreign businessmen. This is connected with North Korea's long-term plan to solve its foreign debt problem.

North Korea's Central Broadcasting Network recently stated that the construction of peripheral facilities, such as a transformer substation and a parking lot for the hotel, are in their final stage. This notwithstanding, it was learned that the interior work, which will cost a huge amount of money, has not yet begun.

The North has tried to raise funds through the inducement of foreign capital for the interior work and for furnishings. However, it was belatedly learned that because it cannot raise the necessary funds due to its poor credit rating, the DPRK has been putting unprecedented "bait" on its hook by stating it will allow a fund-provider to have exclusive rights to manage the hotel for 50 years.

According to the National Unification Board, North Korea's foreign debt totaled \$10.32 billion as of the end of 1993. During the first half of this year, North Korea's exports showed an extremely sluggish record because of electricity shortage and so on. North Korea's foreign debts are snowballing because of accumulated deficits, including the interest on arrears as a result of the import of grain and the defaulting on repayments of the principal of foreign loans.

Ko Sang-mun's Sisters Make Appeal to Red Cross

SK1509014894 Seoul THE KOREA HERALD in English 15 Sep 94 p 3

[Text] Two sisters of Ko Sang-mun who was reportedly kidnapped by North Korean agents during a trip to Oslo, Norway, in 1979, visited the regional delegation for East Asia of the International Committee of the Red Cross (ICRC) in Hong Kong to seek mediation for Ko's repatriation yesterday.

According to the Korean National Red Cross (KNRC), Ko's elder sister Chong-chi, 51, and younger sister Chong-suk, 44, met Christophe Swinarski, the head of the delegation for East Asia, to file their petition for arbitration.

Ko, a former Seoul high school teacher, was included on a list of "political" prisoners in the North which was released by the London-based Amnesty International (AI) July 30. The list also revealed 10 other South Koreans under detention in several camps there.

"Although Pyongyang has insisted Ko voluntarily came to the North, the AI report strongly backs the fact that he was abducted against his will," the sisters claimed. They asked Swinarski to press the North Korean Red Cross to play a role in repatriating their brother as soon as possible.

In addition, Yim Yong-hun, a KNRC official, who accompanied the Ko sisters, asked the delegation head to help let their families know about whether 441 South Koreans kidnapped to Pyongyang are alive and where they live now.

Pesticide Residue Found on Foodstuffs From North

SK1109004994 Seoul THE KOREA TIMES in English 11 Sep 94 p 3

[Text] With a week to go until traditional Chusok holidays (Sept. 19-21), seasonal foodstuffs have been found to contain residues of pesticide, forbidden herbicide or foreign materials, putting another wrinkle on consumers already bothered by its rising prices.

According to the Seoul City Hall yesterday, fernbrakens, imported from North Korea, selling in Seoul markets, turned out to be tainted with BHC, a key chemical ingredient of a pesticide banned here since 1979 due to its health hazards.

Brackens, Korean confections and beef ribs are in high demand for the Chusok holidays when Koreans take days off from work or make trips to their hometowns to pay tribute to their ancestors.

The samples from Kyongdong Market in downtown Seoul and the mammoth Karak Market were found with 0.065 mg per kilogram and 0.055 mg per kilogram of the hazardous BHC respectively, much higher than permissible levels.

Japanese Markets Import Korean Machinery Parts

SK1309003394 Seoul THE KOREA HERALD in English 13 Sep 94 p 8

[Text] Japanese companies have long refused to use machinery parts supplied by Korea, saying that their domestic consumers would not buy products with Korean components.

It has been argued between the two sides as to what extent such an excuse can be justified, but Japan's time-honored avoidance of Korean parts and components is breaking apart under the strength of its own currency, business sources said here yesterday.

Briskly infiltrating into the Japanese market riding on the latest "yen-daka (yen highness)," are electronic, automobile, machinery and shipbuilding parts, in which Korea enjoys competitive advantages both in price and quality, they said.

Mitsubishi Heavy Industries Ltd., a global shipbuilder, provides a good example.

The Japanese company started to import 20,000 tons of steel plates a month from Pohang Iron and Steel Co. from the first half of this year and has increased the purchase of core parts in such areas as auto, electronic and machinery, from Korea.

Tokyu Motor Co., which accounts for more than 40 percent of the Japanese specialty vehicle market, has recently signed a purchase contract valued at \$6 million with Korea's Hyundai Corp., the trading arm of the giant Hyundai Business Group.

Under the three-year contract term, Hyundai is scheduled to sell 50 key auto parts and components, including axle shafts and brake drums, supplied by three domestic subcontractors, the officials said.

The contract, the business sources said, provides a significant turnaround in Korea's auto part industry in cracking into the tight Japanese market, they said.

Mitsubishi Motor Co., which has also been unwilling to use Korean-made parts, is now accepting car bodies supplied by Hyundai Motor Co., for its jointly-developed sedans, currently marketed under the model names of Debonair in Japan and Grandeur in Korea.

Orion Electric Co. has recently been buying from Korea's Samsung Electronics Co. key videotape recorder parts like head drums and tuners to the amount of 300,000 units a month. The Japanese electronics maker plans to redouble the purchase volume next year.

Officials at major general trading companies said that if the domestic heavy and chemical companies can continuously improve their product quality and maintain smooth relationship with the Japanese buyers, they will also be able to receive up-to-date Japanese technology and induce their plant relocation there.

Term 'Sea of Japan' Used on Maps in 1967-1991

SK1509065894 Seoul YONHAP in English 0631 GMT 15 Sep 94

[Text] Seoul, Sept. 15 (YONHAP)—The terms "Sea of Japan" and "Japan Sea" were used to describe the body of water between Korea and Japan in English on marine charts produced by the Transportation Ministry from 1967-91, ministry officials said Thursday [15 September].

As the government concluded a marine chart agreement in the mid- 1960s to copy and reproduce Japanese-made maps because of its lack of marine mensuration technology, the English terms the Japanese used for the water body were printed without being corrected, the officials said.

But in Hangul (Korean language), the area was labeled on charts as "Tong Hae" which means "East Sea," according to the officials.

"Since 1992, when the ministry's Office of Hydrographic Affairs started carrying out mensuration of the East Sea on its own to produce its own version of marine charts, the sea has been referred to as 'Tong Hae' in English letters as well on the charts," they noted.

The charts are sold exclusively by the Korea Ocean Development Co., Ltd. both within and outside the country.

The term for the body of water lying between Korea and Japan recently emerged as a controversial subject at the first inter- governmental conference of the Northwest Pacific Action Plan (NOWPAP).

Seoul demands that the area be called Tong Hae or the East Sea while Tokyo insists that it be labeled the Sea of Japan.

Kim Tae-chung: Japan Must Earn Neighbors' Trust

SK1509070594 Seoul YONHAP in English 0505 GMT 15 Sep 94

[Text] Tokyo, Sept. 15 (YONHAP)—Former South Korean opposition leader Kim Tae-chung has voiced his hope of visiting Japan next spring, 22 years after he was kidnapped from a Tokyo hotel in 1973.

Kim made known his wish during an interview in Seoul with the Japanese daily ASAHI SHIMBUN, pointing out that it was undesirable to maintain "abnormal relations" in making temporary stopovers in Japan while going on to tour the United States and Europe.

"I would like to realize a full-scale visit to Japan next spring for the first time in 22 years," said Kim, who presently serves as chairman of the Asia-Pacific Peace Foundation.

He said that Japan must first earn the trust of neighboring countries before it can advance to permanent membership status on the United Nations Security Council.

Turning to Korean affairs, Kim suggested that a tripartite summit among the leaders of South and North Korea together with U.S. President Bill Clinton would help in building a framework for lasting peace on the Korean peninsula and mutual cooperation between Seoul and Pyongyang.

Kim also said that when he visits the United States on Sept. 17, he will meet former U.S. President Jimmy Carter and sound out his intentions as far as visiting Pyongyang again to press for inter- Korean summit talks. He went on to disclose that Carter's previous trip to North Korea came about as a result of his meeting with the former American leader.

"Since the death of Kim Il-song," he claimed, "there has been unnecessary friction and strain between South and North Korea because of Seoul's lack of flexibility." Kim

emphasized that improving Pyongyang's relations with Washington and Tokyo is essential to open an era of full South-North Korean co-existence.

Exclusive Distribution Accord With XINHUA

*SK1009034494 Seoul YONHAP in English 0333 GMT
10 Sep 94*

[Text] Beijing, Sept. 10 (YONHAP)—YONHAP News Agency and China's official XINHUA News Agency on Saturday concluded an agreement on direct exchanges of news and photographs.

In the past, YONHAP has received XINHUA news and photos by way of Hong Kong.

The agreement was signed by YONHAP President Hyon So-hwan and his XINHUA counterpart Guo Chaoren at the Chinese news agency's head office here.

Under the agreement, the two news agencies will have the rights to exclusive distribution in their respective countries of each other's news, photos and other items.

They also agreed to provide the maximum convenience for each other's correspondents, exchange personnel regularly and cooperate in joint-venture projects outside the press area to promote bilateral exchanges.

YONHAP has been receiving and distributing to domestic media XINHUA news and photos under a contract concluded with the new China News Co., XINHUA's Hong Kong-based affiliate, on May 16, 1989, before the normalization of relations between South Korea and China.

Indirect Trade With China Through Hong Kong Up

*SK1109004594 Seoul THE KOREA TIMES in English
11 Sep 94 p 8*

[Text] Growth in Korea's direct trade with China is increasingly falling short of that in its indirect trade with the socialist state through Hong Kong.

According to statistics compiled by Hong Kong which the Korea Foreign Trade Association recently secured, exports of Korean products to China via Hong Kong amounted to \$1.336 billion in the first half of this year, a 61.9 percent increase from the year before.

The rise is remarkable in that exports to China through Hong Kong last year as a whole surged only 17 percent from 1992 to \$1.680 billion, which was ascribed to soaring direct trade between the two countries following the establishment of their diplomatic ties in 1992.

In the meantime, Korea's direct exports to China in the January-June period rose a mere 21.1 percent from the year before to hit \$2.888 billion. Last year, Korea witnessed a more than 90 percent increase from 1992 in direct exports to China.

Among the Korean products shipped to China via Hong Kong in the first half of the year, fabrics placed top with \$251 million, a 41 percent rise over a year ago, followed by electronics and electronics [as published] (178 million, up 47 percent).

PRC Finance Ministry Officials Arrive in Seoul

*SK1209093394 Seoul YONHAP in English 0844 GMT
12 Sep 94*

[Text] Seoul, Sept. 12 (YONHAP)—Six high-ranking officials from China's Finance Ministry including Wang Xingyi, director of the General Affairs Office, arrived in Seoul on Monday to study South Korea's capitalist market economy and financial policies.

During their week-long stay, they are scheduled to visit the Finance Ministry, the Economic Planning Board, and the Seoul and Pusan municipal governments to observe their budget accounting and taxation systems.

The Chinese officials also plan to check out the South Korean Government's process of formulating financial policy together with its experience in the treasury field.

PRC Fishing Boats Caught in Territorial Waters

*SK1109045694 Seoul YONHAP in English 0448 GMT
11 Sep 94*

[Text] Kunsan, Sept. 11 (YONHAP)—The maritime police captured four Chinese dragnet fishing boats operating in the South Korean territorial waters off the west coast at 6:00 A.M. Sunday.

The police said the four 135-ton class vessels, with 44 fishermen and crew aboard altogether, had been towed to the harbor of Kunsan from an area six miles west off Wangdung Island.

They were among some 30 Chinese fishing boats operating as deep as 10 miles into the territorial waters, a police spokesman said.

Samsung Group Plans Electronics Complex in PRC

*SK1509020094 Seoul THE KOREA HERALD in
English 15 Sep 94 p 8*

[Text] The Samsung Business Group plans to build an electronics complex in Suzhou, Jiangsu Province, China, to produce semiconductors and home appliances.

The group said its two subsidiaries, Samsung Electronics Co. and Samsung Electro-Mechanics Co., will invest \$500 million to build the complex in Suzhou, where Samsung Engineering and Construction Co. has recently agreed with the Keppel Group of Singapore to build an industrial town.

Samsung Electronics Co., the group said, will start to manufacture application-specific integrated circuits

(ASICs), air conditioners, refrigerators and microwave ovens in the Suzhou complex late next year.

Samsung Electro-Mechanics Co., will build factories for the manufacture of alternating current motors and other products.

Samsung Electronics and Samsung Electro-Mechanics have recently conducted feasibility studies in Suzhou for the proposed investment projects.

A delegation was sent by Samsung Electronics to Suzhou yesterday to conclude contracts on the use of land and complex construction with Jiangsu Province and Suzhou City governments and the Keppel Group.

Samsung Electronics and Samsung Electro-Mechanics have recently agreed with Keppel to take over the right to use a 300,000 sq. meter plot from Singapore's business concern to build an electronics complex.

The two companies will have their wholly owned subsidiaries incorporated in Suzhou, through which they will invest \$500 million.

Factory construction in Suzhou will enable Samsung Electronics, which has several other factories in other parts of China, to produce its whole range of home appliances in China.

Samsung Electronics plans to produce high-end ASICs in Korea and low-end ones in China.

Other Samsung companies, which produce parts in China, will be able to support Samsung Electronics' Suzhou subsidiary.

Seoul, Mosc. Exchange Postal Memorandum 15 Sep

*SK1509070994 Seoul YONHAP in English 0646 GMT
15 Sep 94*

[Text] Seoul, Sept. 15 (YONHAP)—South Korea and Russia exchanged a memorandum of understanding Thursday [15 September] on post and telecommunications cooperation.

The exchange took place at a meeting between Korean Communications Minister Yun Tong-yun and visiting Russian Posts and Telecommunications Minister Vladimir Bulgak.

The memorandum deals with direct relay and exchange of all kinds of mail, permission for telecommunication service between the two countries, mutual cooperation in communication relays to third nations, approval to use frequencies for wireless service in each other's territory and expansion of contacts between companies and experts through exchanges of scientific and technical information.

A ministry official said the memorandum opens a direct cooperative relationship between Korea and Russia,

pointing out that exchanges of mail and telecommunications service between the two nations has thus far been subject to related regulations of such international organizations as the Universal Postal Union (UPU) and the International Telecommunication Union (ITU).

At the talks, the two ministers also discussed convening a regular communication cooperation committee to exchange information as well as promote cooperation in the communications field.

The memorandum is expected to help domestic communications companies make inroads into the Russian market as Russia will invest 40 billion U.S. dollars in a vast communications network modernization plan in 50 cities over the next 10 years, installing time division exchanges (TDXs) and digital transmissions.

Russian Culture Minister on Cultural Exchange

*SK1409144694 Seoul TONG-A ILBO in Korean
14 Sep 94 p 14*

[Text] Russian Culture Minister Yevgeniy Sidorov, 55, held a news conference at the Ministry of Culture and Sports on 13 September right after signing the ROK-Russian Plan for 1995-1996 Cultural Exchange with ROK Minister Yi Min-sop.

The Russian minister stated: "Russia and the ROK have had cultural exchanges. However, with the conclusion of the ROK-Russian plan, I expect that exchange and cooperation between the two countries will increase further. In particular, we have to establish closer relations between the two countries' young artists, painters, and students. I also hope that ROK experts on cultural properties and officials for cultural cooperation will be dispatched to Russia soon."

Minister Sidorov said that he invited Minister Yi to visit Russia next year.

As a literary critic who published many books, Minister Sidorov comments on the introduction of Korean literature to Russia: "Many Korean classic works of the seventeenth and eighteenth centuries have been introduced to Russia, but the ROK's modern literature has not been introduced at all. The exchange of authors and the translation of modern Korean poems are necessary."

In particular, he introduced Anatoliy Kim [as transliterated], a Korean-Russian author, by saying: "We have worked together at a school of literature. Although he writes works in Russian, he has Korean-style sentiment."

After graduating from the Moscow University, Minister Sidorov worked as a journalist and literary critic until he was appointed as culture minister in February 1992.

Mister Sidorov stated: "When the people of the two countries become close, they come to have a desire to deeply study each other and produce tangible results."

He will depart the ROK on 14 September.

Russian Sailor Arrested for Smuggling Pistols

*SK1009095494 Seoul YONHAP in English 0918 GMT
10 Sep 94*

[Text] Pusan, South Korea, Sept. 10 (YONHAP)—A Russian sailor who tried to unlawfully bring in pistols and ball cartridges was arrested on Saturday [10 September], the customhouse here said.

Customs inspection officials found six U.S. pistols and 292 balls concealed inside a Russian freighter "Talnik" on the berth of Pusan port and arrested boatswain of the ship Boris Fedkof [spelling of name as received], 47 on charge of violating of the Customs Tariff Law.

The ship which had left Tacloban Port of the Philippines, arrived at the southeastern port of Pusan on last Thursday carrying 2,001 tons of palm seeds.

The customhouse is questioning the Russian whether or not he was to trade the weapons with Korean bands of thugs.

It is the sixth case that foreigners have been arrested while trying to secretly bring in pistols and balls since 1990, according to the customhouse.

Kim Asked To Speak at Democratic Leaders Meeting

*SK1109051294 Seoul YONHAP in English 0452 GMT
11 Sep 94*

[Text] Seoul, Sept. 11 (YONHAP)—Chairman Kim Tae-chung of the Asia-Pacific Peace Foundation has invited President Kim Yong-sam to make an opening speech at the Asia-Pacific democratic leaders' conference slated for Dec. 1-2 here in Seoul.

A foundation official said Sunday the invitation had been delivered to chief presidential secretary Pak Kwan-yong by Chairman Kim's aide. He quoted Pak as saying the presidential office would study the invitation.

Should the president accept the invitation, the two Kims would meet for the first time after the 1992 presidential election which Kim Tae-chung lost.

Invited to the conference will be over 300 Asian, American and European leaders, including former U.S. President Jimmy Carter and former Philippine President Corazon Aquino.

'Probably' Not To Attend

*SK1209071994 Seoul YONHAP in English 0640 GMT
12 Sep 94*

[Text] Seoul, Sept. 12 (YONHAP)—President Kim Yong-sam will probably not attend the democratic leaders' conference in early December hosted by the Asia-Pacific Peace Foundation whose chairman is Kim Tae-chung, the former political archrival of the president.

Although Chongwadae [presidential offices] officials have said they would study Kim's participation in the event, his attendance looks doubtful. President Kim has reportedly been invited by the foundation to deliver an opening speech to the conference.

"We will study the invitation by the peace foundation, but it seems difficult for him (President Kim) to participate in the meeting due to his busy schedule at that time," said an official at the presidential office.

He explained that a verbal invitation had been extended, not a formal letter, disclosing that a foundation official contacted Chief Presidential Secretary Pak Kwan-yong privately and conveyed his hope that President Kim would address the conference.

Another official said the chief presidential secretary must have reported the invitation to President Kim, eliciting a negative response as no precedent has been set in this area involving the chief executive.

Seoul Not To Host Second East Asian Games

*SK1309015694 Seoul YONHAP in English 0140 GMT
13 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—South Korea will not offer to host the Second East Asian Games slated for next year, which North Korea gave up recently because of its internal situation, nor the third games in 1997.

Pusan city, which applied earlier to host the third games in 1997, also contemplated holding the North Korea-returned second games next year, but the Culture and Sports Ministry has reportedly concluded that 1995 and 1997 are not appropriate timing-wise for the country to organize new international sporting events other than those already scheduled for those years.

Particularly in 1997, South Korea is set to put on the winter universiad, and the government has judged that it is undesirable to host two big international sporting events in one year.

Moreover, 1997 is the presidential election year.

Complicating the situation, Pusan's city planning projects, including construction of new athletic venues, would hardly allow the city to host the 1997 East Asian Games.

This being the case, Pusan will formally drop its bid to host the 1997 games at a meeting of the East Asian Games Association to be held in Hiroshima, Japan, during the Asian games there next month.

Instead, the city will offer to organize the games in 2001 as a rehearsal for the 2002 Asian games it plans to host.

At the Hiroshima meeting, the China-led East Asian Games Association will change the regional games from a biennial event to one held every four years.

As South Korea is giving up on the second games, Taiwan may emerge as the new venue: But China, which established the games, is expected to oppose Taiwan's acting as host.

Activities, Visits of Kim Tae-chung Detailed

*SK1509002394 Seoul TONG-A ILBO in Korean
13 Sep 94 p 4*

[Article by reporter Yun Yong-chan]

[Text] In connection with the North Korean issue, the activities of Kim Tae-chung, chief director of the Peace Foundation for the Asia-Pacific Region, have recently increased. Chief Director Kim Tae-chung stayed in Kyongju from 9-11 September, together with 15 advisory professors of his foundation, including professor Han Sang-chin, to review a draft of the "unification project" which is to be released by the foundation around the end of the year. While there, Kim Tae-chung and his advisory professors finished reviewing the draft of the "unification project" following in-depth discussions.

This project, which was initiated last March and will be published in a 400-page booklet at the end of this year, contains a long vision related to national unification, including the process of unification, the expenses for unification, and the appearance of a unified Korea.

In particular, Kim Tae-chung is scheduled to make a 10-day visit to the United States beginning 17 September. After that, he is scheduled to visit Russia in October and the PRC in November. He is also scheduled to hold "the conference for democratic leaders of Asia" in Seoul in December. This means he will earnestly wage diplomacy by visiting the three major countries in Asia—excluding Japan, which was involved in the Kim Tae-Chung abduction case—and by inviting Asian political leaders to the conference.

Presently, the priority task for the Peace Foundation for the Asia-Pacific Region is Chief Director Kim Tae-chung's visit to the United States. After visiting Washington and New York, Kim Tae-chung is scheduled to visit the "Carter Foundation" in Atlanta around 22 September to meet former U.S. President Jimmy Carter. When he visited the United States last May, he advised Carter to visit Pyongyang as a special envoy to settle the North Korean nuclear issue. This advice led to Carter's visit to the DPRK in June of this year.

This time, Kim Tae-chung will invite Carter to attend "the conference of democratic leaders of Asia" slated for December, and will actively advise him to visit North Korea again.

On 11 September, Kim Tae-chung stressed that "to achieve a North-South summit, which has become uncertain in the wake of the death of Kim Il-song, it is necessary for Carter to again visit the DPRK." He thus expressed strong hope for Carter's visit to the North.

Along with this, it has been learned that Kim Tae-chung will deliver to the U.S. Government his hope that Carter will carry President Clinton's personal letter with him when he visits North Korea, thus enhancing Carter's role.

The "Korean Research Institute of Human Rights in the United States," founded by Kim Tae-chung in the early 1980's when he lived in exile in the United States, is still active in Washington. It has been learned that Kim Tae-chung's itinerary in the United States and the prior negotiations with Carter's staff members were arranged through staff members of this institute, including Dr. Yi Yong-chak.

Carter is assuming a prudent attitude toward visiting the DPRK. Such being the situation, Kim Tae-chung reportedly plans to encourage Carter to visit the DPRK again and to offer him advice.

Kim Tae-chung's efforts can be interpreted as an expression of his desire to contribute to solving the North Korean nuclear issue and to improving North-South relations. They also seem to contain his intent to show that his institute is "superior" to the Kim Yong-sam government as far as these fields are concerned.

From such a view, the fact that Kim Tae-chung has asked for President Kim Yong-sam to make an opening speech at "the conference of democratic leaders of Asia" is suggestive and thought-provoking. President Kim is in a delicate position, for he can neither accept nor reject the request.

Regarding this, a high-ranking official in Chongwadae [presidential offices] said: "We will review the request, but it seems the president's itinerary will not permit him to attend the conference." This is a virtual rejection of the request. He added: "We do not know what kind of meeting the conference is, and furthermore, there has been no precedent for the president making a speech at a civilian research institute."

The official then expressed displeasure over the fact that Kim Tae-chung's research institute revealed its invitation of President Kim to the public. Thus, Kim Tae-chung's recent activities have evoked many different interpretations.

Ministry To Remit Payment to Expelled Foreigners

*SK1209122794 Seoul YONHAP in English 1157 GMT
12 Sep 94*

[Text] Seoul, Sept. 12 (YONHAP)—The Labor Affairs Ministry decided on Monday to remit unpaid industrial disaster insurance payment or back wages to those foreign workers who have been forced to leave the country without being paid them.

Under the decision, the ministry has asked the Philippine, Nepalese and Bangladesh missions in Korea and

the Korean Embassies in those countries to obtain reports from such workers for forwarding to the ministry.

A ministry official said it has been agreed among relevant offices that if and when their unpaid insurance payment or back wages were determined, they would be remitted to them, and that if they wish to re-enter Korea after they filed lawsuits, they would be allowed in.

The official said that though his ministry decided last February to pay unsettled insurance money and wages retroactive to three years before to foreign workers including even illegally employed ones, a considerable number of entitled workers have left the country without taking steps to obtain the payment.

A citizens society for proper payment to foreign workers said at least 23 Bangladesh, Nepalese and other foreign workers were involved in industrial accidents while working in Korea but have been expelled from the country without being paid industrial disaster insurance payment.

Police Intensify Probe of Foreign Counterfeiting

*SK1209062694 Seoul YONHAP in English 0559 GMT
12 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—Pursuing a counterfeiting case involving Pakistanis, police Monday intensified their probe into middlemen besides a Pakistani employee of a travel agency in Hong Kong, from whom a suspected circulator allegedly bought bogus 100-dollar bills.

The arrested Pakistani suspect, Amir Rashid Suppra, 26, reportedly identified his compatriot as Khan Zahir, a man in his 30s working for Jet Travel Co. in Hong Kong, who was confirmed to have left South Korea for Hong Kong Sunday.

Police suspect that middlemen of a foreign counterfeiting ring laundered bogus U.S. 100-dollar bills in South Korea while disguised as either employment or travel agents.

Suppra has reportedly confessed to having circulated 17,200 dollars worth of bogus bills in Taejon, Incheon and Seoul since April 24.

Suppra also told police that he bought counterfeit U.S. bills from a man named "Ammed" who runs a watch shop in Kowloon, Hong Kong. Police have asked Interpol for help in tracking down Ammed.

Pakistani National Arrested

*SK1109074794 Seoul YONHAP in English 0737 GMT
11 Sep 94*

[Text] Seoul, Sept. 11 (YONHAP)—The police, investigating a Pakistani national, named Amir Rashid Suppra [spelling of name as received], 26, who was arrested Friday [9 September] afternoon on charges of circulating

fake U.S. 100-dollar bills in Seoul, said Sunday he had laundered bogus U.S. banknotes totaling 16,000 dollars in the country since May, citing his confessions.

He confessed to having brought fake 70 100-dollar bills into the country through a foreign travel agency official in September, in addition to the fake bills he purchased from a Hong Kong counterfeit bill dealer.

He laundered all the 7,000-dollar fake bills in Seoul and used only 1,000 dollars, while sending the remaining 6,000 dollars to Hong Kong through the travel agency official who left Seoul on last Sunday, the police said.

The 160 100-dollar fake bills he circulated in South Korea include 40 in Pusan and Taejon in May, 40 in Taegu in June, 10 in Incheon in July and 70 in Seoul in September.

Of these bills, only 42, or 4,200 dollars, have been discovered so far, the police said.

President's Call for Anticorruption Drive Viewed

*SK1509070294 Seoul YONHAP in English 0601 GMT
15 Sep 94*

[Text] Seoul, Sept. 15 (YONHAP)—A fresh burst of anti-corruption sentiment is sweeping Chongwadae, the presidential office, after the government's much-ballyhooed reform campaign subsided some time ago.

At tea Wednesday [14 September] afternoon President Kim Yong-sam told 200-odd provincial rural development leaders: "Rome was ruined not by an outside invasion but by corruption at home... Irregularities and corruption, the causes of national ruin, cannot be tolerated."

At dinner with his cabinet members the previous evening, Kim expressed his determination to uproot corruption by declaring, "Irregularities involving public servants shall be eradicated by meting out the heaviest possible penalties." Last Tuesday he pointed out to members of the ruling Democratic Liberal Party Central Standing Committee that "irregularities and corrupt practices that had slackened for some time have now revived."

Why has the chief executive renewed his call to stamp out irregularities at this time? A presidential secretary gave this explanation: "When the new administration was inaugurated early last year, President Kim personally took the lead in the reform drive by declaring he wouldn't receive even a penny from businessmen. But the recent scandal involving low-level tax-related officials in Incheon has paled into insignificance the zeal of the new administration to uproot corruption."

President Kim on Tuesday instructed Justice Minister Kim Tu-hui to conduct a thorough probe into the Incheon tax scam. The office of the Presidential Senior Secretary

for Petition on Wednesday drew up a number of countermeasures, including computerization of tax levying and collection.

What matters most, however, is the fact that irregular and corrupt practices in the civil service are not confined to the latest tax scandal.

In fact, the chief executive reportedly received a comprehensive report in August from his secretariat stating that "many low-level public servants handling immediate public administrative affairs are engaged in irregularities."

The report pointed out that corruption involving individual public officials has given rise to criticism that "the civilian administration's reform drive has come to an end." Implicated in the report were the prosecution, police, taxation and customs offices, and public agencies handling licenses for hygiene, construction and official documents.

Chongwadae was doubtless stunned even more by the Inchon tax scandal as it surfaced within a month of the alarming report's issuance.

Some officials note, however, that the future is of the utmost importance. Should the administration fail to formulate fundamental and effective steps to root out irregularities and graft this time around, they fear, President Kim Yong-sam's public pledge to "create a clean government" might ring hollow.

Prosecution Finds No So-yong, Husband Innocent

SK1509015394 Seoul THE KOREA HERALD in English 15 Sep 94 p 3

[Text] The Seoul prosecution yesterday decided that No So-yong, daughter of former President No Tae-u, and her husband are innocent of the charge that they illegally took out of Korea almost \$200,000.

The Seoul District Prosecutor's Office announced that the prosecution had not found any evidence proving the couple's violation of the law on management of foreign currency.

Reportage on 12 Dec 1979 Incident Continues

Extension Asked for Reply

SK1009055794 Seoul YONHAP in English 0523 GMT 10 Sep 94

[Text] Seoul, Sept. 10 (YONHAP)—The prosecution, investigating the "Dec. 12 incident," said Saturday that the lawyer for former President Chon Tu-hwan has asked that the deadline for submitting a written reply on the incident be extended.

Lawyer Yi Yang-u telephoned the Seoul prosecution to say that Chon will present written answers to a questionnaire, which the prosecution delivered to Chon instead

of summoning him for questioning on the incident, early next week at the latest, according to the prosecution.

Yi told the prosecution that he needs more time to copy-read and make some changes to the written answers.

The prosecution plans to send a questionnaire to former President Choe Kyu-ha as soon as it finishes examining Chon's reply.

Chon: 'Accidental Armed Conflict'

SK1509092694 Seoul YONHAP in English 0849 GMT 15 Sep 94

[Text] Seoul, Sept. 15 (YONHAP)—Former President Chon Tu-hwan claimed Thursday that the "coup d'etat-like incident" in December 1979 was an accidental armed conflict that occurred in the course of arresting then-Army Chief of Staff Gen. Chong Sung-hwa on suspicion of involvement in Central Intelligence Agency Director Kim Chae-kyu's slaying of President Pak Chong-hui.

Chon made the claim in an affidavit submitted to the prosecution, which is investigating a lawsuit filed against the ex-president over his role in the incident.

Chong helped Kim bring his three-stage revolution scheme to the second stage by proclaiming martial law as the key supporter of Kim's plan, to which Kim confessed in court, Chon asserted.

On the meeting of the so-called new military elite at a capital security command unit in Seoul, Chon said he called the meeting to seek the cooperation of ranking Army officers in taking Chong to the joint investigation headquarters for questioning, explaining to them about the need to investigate Chong.

After Kim informed Chong of the president's death, he maintained, Chong illegally prepared for martial law at Kim's request and unlawfully mobilized Army troops to encircle Chongwadae [presidential offices] to neutralize the presidential security forces.

In connection with President Choe Kyu-ha's approval for Gen. Chong's arrest, Chon replied that he reported the plan to President Choe in advance. The president's permission was delayed, however, as then-Defense Minister No Chae-hyon hid twice despite the president's order over the phone that no appear before him.

As to the alleged mobilization of combatants by the joint military investigation command, Chon answered that his command only mobilized military police assigned to the command to help the investigators bring in Gen. Chong.

Turning to the shooting at Chong's official residence while he was being taken out of his house, Chon insisted that the incident took place after young security guards

fired first at the investigators while refusing the investigation command's request that Gen. Chong be brought in.

Chon's written answers comprised four categories regarding the situation and role of Chong at the time of former President Pak Chong-hui's assassination on Oct. 26, 1979.

Opposition Criticizes Chon

SK1509085294 Seoul YONHAP in English 0813 GMT
15 Sep 94

[Text] Seoul, Sept. 15 (YONHAP)—The opposition Democratic Party (DP) on Thursday criticized ex-president Chon Tu-hwan's written answers to a prosecution questionnaire on the Dec. 12 "coup d'etat-like incident" in 1979.

The DP spokesman, Rep. Pak Chi-won, said in an official statement, "though (we admit that we have had) a disgraceful history in which treason succeeded and people involved in this treason became men of power, how can he be so sophistic about an obvious coup d'etat? It's really a shameless answer.

"We were shocked by his answers and we cannot suppress our anger over his disregard for the trend of history."

Citing President Kim Yong-sam's definition of what took place as a "coup d'etat-like incident," Pak urged the prosecution to investigate the incident in order to render a proper legal judgement on this part of history, sound the alarm bells for posterity and punish those involved severely.

The Seoul prosecution, acting on a number of lawsuits filed against Chon, No and their colleagues, handed the two a set of written questions on Aug. 12, with Chon submitting his answers on Thursday.

Former Army Chief of Staff Chong Sung-hwa and others filed suit against Chon, No and their colleagues earlier this year on charges of mutiny and treason.

About one and a half months after ex-President Pak Chong-hui was killed on Oct. 26, 1979, then-martial law commander Chong Sung-hwa was arrested in connection with the assassination on Dec. 12 by the joint investigation headquarters led by then-Gen. Chon Tu-hwan and his friend, 9th division Commander Gen. No Tae-u, who emerged as de facto strongmen following the death of President Pak and later became the country's chief executives.

President 'Watching' Probe

SK1509092294 Seoul YONHAP in English 0832 GMT
15 Sep 94

[Text] Seoul, Sept. 15 (YONHAP)—Chongwadae [presidential offices] is cautiously watching the prosecution

probe into the Dec. 12, 1979, military incident in connection with written answers submitted by former President Chon Tu-hwan on Thursday.

Although the presidential office said it would be untoward to disclose its position in the course of the prosecution's investigation, it is sticking to its previous stand that the military action at that time was a "coup d'etat-like incident."

A high-ranking official at Chongwadae said: "Whatever former President Chon asserts in his written answers, what should we say about that? We have not been informed by the prosecution, nor did we give any instructions to it. We must keep waiting and then see when the prosecution makes a final conclusion."

Another official recalled President Kim Yong-sam's description of the incident as "coup d'etat-like" and insisted that a final judgement should be left to history.

As to Chon's assertion that the incident was not a coup d'etat, he explained that anyone answering questions can make any claim he pleases.

The official continued that the prosecution will determine whether the persons involved in the incident are to be accused or not after a thorough investigation.

What steps to take against the former president may eventually be decided after fully reviewing such considerations as the people's sentiment, the social impact and matters concerning proper treatment of former heads of state, he observed.

Foreign Debt, Investment, Public Credit Outlined

SK1209123194 Seoul YONHAP in English 1203 GMT
12 Sep 94

[Text] Seoul, Sept. 12 (YONHAP)—South Korea had introduced 44,788 million dollars in public or commercial credits as of the end of last year, of which 36,520 million dollars have been paid back.

Thus the country's foreign debts stemming from foreign credits introduced amounted to 8,268 million dollars.

A report furnished to the National Assembly by the Finance Ministry Monday showed that foreign investments made in the country totaled 8,573 million dollars.

Of the total, 1,157 million dollars had been taken out of the country in the form of withdrawal.

As for public credits, 34,098 million dollars were planned in a period from 1973 to 1993 to be introduced with parliamentary approval.

As of last July, 22,955 million dollars have been either brought in or set to be introduced with the remainder being cancelled, switched to commercial loans or being yet to be concretely set for introduction, according to the report.

Industrial Research Institute Makes Observations

*SK1209110594 Seoul YONHAP in English 1034 GMT
12 Sep 94*

[Text] Seoul, Sept. 12 (YONHAP)—South Korea's gross national product (GNP) would expand 8.3 percent this year and 7.4 percent next year, respectively, the Korea Industrial Research Institute observed Monday.

The country registered a 5.6 percent GNP growth last year.

In the latest issue of its biweekly, "SILMUL KYONGJE," the institute foresaw that domestic business would continue to be brisk through the end of next year.

However, it said, the pace of growth would slow down a little beginning the latter half of this year.

Observing that there would be little possibility of business overheat, the institute said the biggest difficulty facing the Korean economy in the foreseeable future would be price instability.

It said the consumer price spiral reached 6 percent, the year-end target, already at the end of last August.

There still are many factors of price increase such as the surging international prices of raw materials, continuing influx of foreign capital, and the trend of consumption increase, the biweekly said.

Accordingly, it said, the consumer price increase would stand at 6.2 percent at the end of the year, 0.2 percentage points more than the goal.

The price rise would somewhat be eased in 1995 and reach around 5.8 percent at the close of next year, the institute said.

Government Plans Financial System Reform 'Soon'

*SK1509021094 Seoul YONHAP in English 0153 GMT
15 Sep 94*

[Text] Seoul, Sept. 15 (YONHAP)—Finance Minister Hong Chae-hyong said Thursday [15 September] the government will press ahead with reform of the financial system as soon as possible to meet changes in economic conditions within and outside the country.

The Finance Ministry plans to relax its control over foreign exchange rates from next month while liberalizing interest rates for fixed deposits and fixed installment deposits late next month, Hong told a symposium hosted by the Korea Tax Institute.

Currently, the government limits changes in foreign exchange rates to minimize the shock such changes might have on the national economy, even though the country enforces a multi-currency basket system.

In a congratulatory address on the institute's second anniversary, Hong said the ministry will advance the date for pushing the planned financial reform and liberalization of the country's foreign exchange and capital system to meet new developments in the economic situation.

The ministry will also revise the tax system so that private enterprises can strengthen their international competitiveness, he said.

It is hoped that liberalization and reform may help South Korea achieve its goal of joining the Organization for Economic Cooperation and Development (OECD) in 1996.

Liberalization of the foreign exchange and capital system is expected to include measures to loosen or remove government regulations and controls on foreign exchange holdings and transactions as well as foreign investment in the domestic currency and stock markets.

Public Officials To Receive Salary Increases

*SK1309122494 Seoul YONHAP in English 1145 GMT
13 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—The government decided on Tuesday to raise public officials' salaries by 6.8 percent and peg down an increase in defense outlays to a one-digit figure next year.

The defense expenses showing a one-digit rise will be inclusive of the weapons to be received from Russia as credit payment in kind.

Yi Yong-tak, director of the Economic Planning Board's budget office, told reporters the 6.8 percent pay raise will include a 3 percent hike in basic salaries.

This year, public officials were given a 6.2 percent increase in their salaries.

Yi said the new year's budget will be scaled at 54,977.3 billion won—50,141.1 billion won in general account and 4,836.2 billion won in financial investment and credit special account.

The amount represents an increase of 15.4 percent over this year's—15.9 percent in general account and 10.5 percent in financial special account.

This year's budget showed a rise of 16.8 percent over last year's.

Since 700 billion won in the new year's budget would be used in paying back state debts, the actual budgetary increase would be 14 percent, Yi said.

The 1995 budget plan is expected to be referred to the National Assembly on Oct. 1 subject to approval by the cabinet around Sept. 26.

Government Criticized for Interfering in Business

SK1109004794 Seoul *THE KOREA TIMES* in English
11 Sep 94 p 8

[Text] A private economic research institute has lashed out at the government's "New Industrial Policies" that it says aim at expanding administrative intervention in the private sector.

The Samsung Economic Research Institute criticized in a report that the government has been extending its interferences in industrial activities, such as banning private companies from investing in new industry, approval of facility investment and artificial manipulation of industrial production.

The institute affiliated with the Samsung Group said that the government is turning to past industrial policy initiated by direct government intervention.

In a report on the recent trend of government's industrial policies and perspective, the institute said that the government has intervened in industrial activities case-by-case rather than with an overall perspective.

Observers, however, said that the institute seems to play a role of mouthpiece for the Samsung Group which has been seeking to jump into the passenger car manufacturing.

Small, Medium Firms Show Lower Jul Operations

SK1409002794 Seoul *THE KOREA TIMES* in English
14 Sep 94 p 8

[Text] Small-and medium-sized companies suffered a fall in factory operation rates in July due to water and electricity shortages caused by the long spell of dry weather, according to the Korea Federation of Small Business [KFSB] yesterday.

Of the 24,258 small- and medium-sized companies surveyed, 84.2 percent or 20,427 companies replied that at their factories it was business as usual in July, down from the 84.9 percent in June and 85.5 percent in May. Business as usual means capacity utilization rates exceeding 80 percent or more.

The KFSB attributed the fall in part to summer vacations which were longer than usual due to the long dry spell.

Electric and electronics, machinery and primary metal firms enjoyed a rise in factory operation while manufacturers of apparel, furs, woods, paper and non-ferrous metals were troubled by falling operation.

Of the surveyed companies, 14.7 percent or 3,558 companies reduced factory operation rates due to sales slow-downs, financial crunches and manpower shortages, up from the 14.1 percent in June.

Manufacturers of automotive components, in particular, experienced a sharp fall in operation rates due to labor disputes in some finished car companies.

The KFSB said 249 companies or 1.03 percent closed down temporarily in July.

Firms Compete 'Fiercely' for Military Contract

SK1509014294 Seoul *THE KOREA TIMES* in English
15 Sep 94 p 8

[Text] Two commercial-vehicle makers are driving fiercely for an order for military-use four-wheel drive vehicles.

Asia Motors and Ssangyong Motor are engaged in behind-the-scenes lobbying to win the lucrative contract as the Ministry of Defense has been pushing ahead with plans to replace wornout military motor vehicles with new ones.

The ministry's car shifting plan is expected to trigger a new demand for 30,000 motor vehicles worth 1.4 trillion won by 1998 in military barracks.

Asia Motors, the specialty car unit of Kia Motors has to date monopolized most supplies of four-wheel drive cars to the military. Ssangyong Motor, the auto unit of the Ssangyong Group, has been satisfied with supplying the military with limited amounts of specialty cars such as ambulances.

But their "peaceful" state of coexistence broke down late last year, when the Ministry of Defense picked the two car makers as candidates for the development of next-generation military four-wheel drive cars.

The selection has sparked competition between the two companies, spurring a rush to develop next-generation models which will boost the efficiency of military operations to the maximum level.

Industry sources say the two auto makers have secretly formed task forces to map out the military car plan. They are reportedly planning to submit their respective development plans to the ministry by the end of the year. The ministry will then screen the plans and choose the successful supplier.

It is still unknown what model of cars the ministry wants but industry analysts say ministry officials want the next-generation military cars to be totally different from existing ones in terms of function and use.

Automakers Expanding To Meet Growing Demands

SK1509014394 Seoul *THE KOREA TIMES* in English
15 Sep 94 p 8

[By staff reporter Chae Hui-muk]

[Text] Domestic automakers, including Hyundai and Kia, are expanding their plants at home and abroad to meet growing demand from the medium- and long-term perspective.

Hyundai Motor Co. will break ground for the firm's third plant in the Asan industrial complex in Chung-chong-namdo tomorrow with Hyundai Group chairman Chong Se-yong and company president Chon Song-won attending.

The plant to be built on a 1.65 million square-meter site will produce 300,000 cars with an engine capacity of 1,800 cc [cubic centimeters] to 2,000 cc a year when completed at the end of 1996. The cars manufactured at the plant will be exported, a Hyundai official said.

Hyundai plans to complete the construction of a bus plant in Wanju-kun, Cholla-pukto, by mid-1995. A large truck line will also be constructed there at the second car plant of Hyundai by the end of next year.

The company plans to produce 70,000 buses and trucks a year at the plant which will cost a total of 300 billion won, the official said.

With the operation of the Wanju plant, a large bus line will be switched with a small van line at Hyundai's main plant in Ulsan, Kyongsang-namdo, to meet overseas van orders, he said.

Hyundai will start to develop another plant site in Yulchon, Cholla-namdo, west of Kwangyang by the end of this year under a contract with the provincial government. Plant construction will start in 1997 for completion by the year 2000. The plant costing 4,000 billion won will produce half a million cars a year. It will also accommodate a running test track and a research institute.

In the overseas sector, Hyundai has purchased land in Malaysia to construct a plant with an annual capacity of 10,000 1.25-ton pickup trucks. A company official said his firm is also considering assembling popular Sonata II passenger cars there.

Kia Motors Corp. plans to open some passenger car lines, starting in the first half of next year, on its second plant now under construction at Asan industrial complex in Hwasong-kun, Kyonggi-to. The plant will be completely finished by 1997.

A Kia official said that the new line will produce a new 1,800-cc model code-named "G" car. The plant will also complete the construction of an engine factory by the end of this year. It will produce 100,000 1,800-cc engines for the new passenger car model.

Kia is also installing a line for sedan-type notch-back Avella cars and another line for small trucks and vans which will be manufactured next year.

Kia will build a passenger car plant in Indonesia in a joint venture.

It will start to consolidate the 2,376,000 square meter site late this year. An official said this will be Kia's first joint venture overseas although knock-down cars have been exported to assembling factories in six countries.

Daewoo Motor Co. has been stepping up its drive building its car plant in Kunsan, Cholla-pukto. The company has completed pile drilling work on the site where a truck factory will be set up. Land consolidation of the site is also under way for a passenger car factory.

The truck factory to be constructed by May, 1995, will manufacture 12,000 large trucks a year and the car plant with an annual production capacity of 300,000 units will be completed by the end of 1996. Daewoo also plans to build a plant producing small-sized trucks.

A total of 1,700 billion won will be poured into the plant in Kunsan, a Daewoo official said.

Daewoo will complete the switch of the 800-cc passenger car line with the 1,500-cc car line at its Changwon plant in Kyongsang-namdo next month. The new line will produce Lemans and Cielos for foreign buyers.

In the overseas sector, Daewoo has been installing facilities at its joint venture plant in Uzbekistan which will produce 200,000 cars a year, starting in 1996. Daewoo has also launched joint venture projects for car production in Iran and Vietnam.

Seoul Changes Pricing System for Oil Products

SK1509010894 Seoul THE KOREA TIMES in English
15 Sep 94 p 8

[Text] The government changed the pricing system for oil products yesterday in less than nine months after its introduction apparently as a way to stabilize consumer prices.

Under the new pricing mechanism, the domestic prices of four oil products such as gasoline, kerosene, diesel and bunker-C are to be set in accordance with their prices in the Singaporean market where oil products are relatively cheap.

In the past system which was implemented on Jan. 1 this year, their prices were fluctuated every month based on the import value of crude oil and the parity rate of the won against the U.S. dollar.

The new pricing system is drawing an implicit but strong protest from the nation's five oil refineries, Hyundai, Yukong, Honam, Ssangyong and Kyong In, which are displeased with a price cut of gasoline, their major income source in the sales of oil products.

Under the new system, the price of gasoline was lowered by 8.5 percent from 655 to 599 won per liter. The changed price will remain intact until the 15th day next month.

The price of kerosene also dropped 1.1 percent from 263 to 260 won. However, the price of diesel rose 0.8 percent

from 238 to 240 won and that of bunker-C increased 4.1 percent from 110.79 to 115.33 won.

A ranking official at Yukong affiliated with the Sunk-yong Group said that the adoption of the new pricing formula is a nonsense as it bases the prices of the four oil products on their values in the Singaporean market, one of the three oil goods markets in the world. The other two markets are the United States and the United Kingdom.

He complained that the Singaporean market offers the lowest prices for oil products because Singapore imports all oil products and exports 80 percent of them with small margins.

According to him, Singapore annually imports oil products equivalent to 150 million barrels of crude oil.

He said that the new pricing system is liable to invite the anger of customers when the prices of the four oil products rise due to possible disturbances in the Singaporean market although it now pleases them because of the price cut for gasoline.

He said that the new formula vividly shows the government's ignorance of economy and its frequent interference in the private sector to stabilize prices.

He called upon the government to use the average price of crude oil on the international market as a basis for the domestic values of the four oil products as the United States, Japan and other advanced countries do.

He said that each of the five oil refineries will lose 20 billion won per year because of the new pricing system.

Rezoning Plan Hampered by 'Selfish Regionalism'

SK1309003294 Seoul THE KOREA TIMES in English
13 Sept 94 pp 1, 2

[Text] The government administrative rezoning plan is drifting aimlessly because of class actions by Ulsan citizens whose interests contradict with each other over the proposed upgrading of Ulsan, the center of the nation's heavy industry, to a special city.

Residents of North Kyongsang Province also demanded the government scrap the plan to incorporate part of the province into Taegu City, threatening to launch a massive protest if the government pushes ahead with the rezoning.

In the face of the eruption of what a senior DLP [Democratic Liberal Party] leader called a "selfish regionalism," the government and the DLP held a policy consultation meeting yesterday, but they failed to produce any formula that would satisfy all the parties involved.

Over 500 Ulsan citizens picketed in front of the ruling Democratic Liberal Party headquarters in Yoido yesterday, protesting the party's move to tamper with the Home Ministry's plan to give Ulsan a full-fledged special city status.

Nine members of Ulsan City Council began a hunger protest at the DLP headquarters yesterday, vowing that their protest will continue until the party approves the upgrading plan.

Labor unions of industrial firms in the southern port city vowed that they will go into general strike unless the rezoning plan materializes.

Some 7,000 heads of "tong" and "ban," the lowest administrative units, also pledged that they will resign en masse if the upgrading plan is called off.

Thirty-one citizens organizations in Ulsan threatened a tax boycott, while merchants and doctors vowed a wholesale closure of their shops and clinics.

In a sit-in at DLP headquarters, protesters distributed leaflets denouncing DLP leaders who balked at the Ulsan upgrading plan, chanting, "Down with politicians who trample the ardent dream of Ulsan citizens, enslaved in regional selfishness." They were apparently referring to lawmakers from South Kyongsang Province who spear-headed the move to oppose the independence of Ulsan from the province.

In a recent DLP executive council meeting, Rep. Kim Pong-cho, chairman of the party's South Kyongsang Province chapter, and other lawmakers hit the ministry's rezoning plan, highlighted by the expansion of Pusan and upgrading of Ulsan, arguing that it will greatly reduce the province's income and development potential.

"If the ministry plan is implemented, South Kyongsang Province will see its income reduced by half," Rep. Kim Chong-ha elected from Changwon, South Kyongsang Province, said.

Lawmakers elected from Ulsan, in sharp contrast, insisted on the early independence of Ulsan from South Kyongsang Province, arguing that it is vital to increase the nation's international competitiveness and tide over global economic competition.

"South Kyongsang Province should not expect Ulsan City to continue to be its financial supporter," said Rep. Cha Su-myong elected from the industrial city.

At the center of the controversy over the Ulsan independence plan is Home Minister Choe Hyong-u, an alleged chief architect of the rezoning draft whose hometown is Ulsan.

The controversy over the rezoning plan is more complicated by intra-DLP power play by political bigshots, including Reps. Kim Yun-hwan and Yi Han-tong, whose interests contradict those of Minister Choe.

This was well manifested by remarks of a leader of Ulsan picketers in front of the DLP headquarters who said, "Slandering Minister Choe is tantamount to slandering President Kim."

Upon returning from Japan Sunday [12 September], Minister Choe indicated that he will promote the initial plan with minor revision, saying, "Administrative problems should not be approached from political standpoints."

"Anyhow, the ball is in the DLP court. It's up to the party whether there will be a birth of healthy baby or a miscarriage," Choe quipped with confidence, adding that the expansion of special cities is needed to increase international competitiveness.

The South Kyongsang Province's provincial council has tabled a resolution demanding President Kim sack Minister Choe who it claimed caused unnecessary fuss with his rezoning plan.

Government, DLP Agree To Shelve Rezoning Plan

SK1309031494 Seoul YONHAP in English 0254 GMT 13 Sep 94

[Text] Seoul, Sept. 13 (YONHAP)—The government and the ruling Democratic Liberal Party (DLP) have agreed to shelve the upgrading of Ulsan city to a province-level administrative unit, while deciding to integrate the city and neighboring Ulsan County into a big urban district before local elections next year and then upgrade it to a province-level district in 1996.

Under the agreement reached at a joint administration-DLP meeting held at Chongwadae [presidential offices] Monday [12 September] evening, the expansions of Pusan, Taegu and Incheon cities will be limited as much as possible in view of the growing differences between citizens who favor and oppose such expansion.

As a result, Pusan is likely to absorb five myon (townships) in Yangsan County and two tong (villages) in Chinhae city, Taegu the whole of Talsong County, and Incheon all of Kanghwa County, Kumdan Township in Kimpo County and part of Ongjin County.

Participating in the meeting were Chief Presidential Secretary Pak Kwan-yong, Senior Presidential Political Secretary Yi Won-chong and Home Minister Choe Hyong-u for the Administration and Policy Committee Chairman Yi Se-ki and Chief Policy Coordinator Paek Nam-chi on the DLP side.

The government and the DLP will meet again Wednesday afternoon to finalize the controversial plan to revise the present administrative districts.

A Chongwadae official said the upgrading of Ulsan city would be pushed again after next year's local elections, though difficulties loom under the present situation.

At the Chongwadae meeting Monday, the government and the ruling party also agreed to shelve plans to

develop seven harbors, including those at Kadok Island off Pusan, Saemangum on the west coast and Ulsan on the southeastern coast, because of rising public criticism of the plans.

However, they decided to prioritize the seven harbor development projects and earmark 3 billion won to review the projects for necessary revisions.

Seoul Subway Union Retracts Plans for Strike

SK1209022494 Seoul YONHAP in English 0204 GMT 12 Sep 94

[Text] Seoul, Sept. 12 (YONHAP)—The Seoul subway union on Monday called off plans to go on strike beginning Thursday.

Fifteen former union leaders, who have been staging a sit-in protest at Myongdong Cathedral in central Seoul since the union's June 24 strike and are wanted by police, have decided to surrender to law-enforcement authorities, union officials said Monday.

These decisions were reached at a six-hour meeting of union leaders that ended at 3 a.m. Monday. The union was to hold a press conference Monday morning.

Meanwhile, police plan to detain all 15 ex-Seoul subway union leaders after they turn themselves in.

The union wanted to strike again in an attempt to push through its demands that management withdraw mass reprimands against union members and a suit asking compensation from the union of 4 billion won (5 million U.S. dollars), the loss the Seoul subway reportedly sustained during the June strike.

Seoul Plans To Join OECD Sci-Tech Committee

SK1109072294 Seoul YONHAP in English 0636 GMT 11 Sep 94

[Text] Seoul, Sept. 11 (YONHAP)—South Korea will formally join the Scientific and Technological [Sci-Tech] Policy Committee of the Organization for Economic Cooperation and Development (OECD) under a memorandum recently exchanged with the Paris-based club of advanced nations, the Foreign Ministry said Sunday [11 September].

This will enable the country to take part in the rapid advancement of science and technology in the world of today and thus to speed its scientific and technological program, a ministry official remarked.

Set up in February 1972, the scientific and technological arm of the advanced countries' club is designed to study and discuss how to develop science and technology for socio-economic development and how to support developing countries' scientific and technological development programs. dd

Burma

Khin Nyunt, Delegation Return From PRC

*BK1409154494 Rangoon Radio Myanmar in Burmese
1330 GMT 14 Sep 94*

[Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], who returned at 1400 today from a goodwill visit of the People's Republic of China at the invitation of Luo Gan, secretary of the State Council of the PRC, was welcomed at Yangon [Rangoon] international airport by Senior General Than Shwe, SLORC chairman and commander in chief of the Defense Services.

Khin Nyunt was also welcomed at the airport by General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and Army commander in chief; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, deputy prime ministers; Lt. Gen. Tin U, SLORC secretary-2; SLORC members; cabinet ministers; the chief justice; the attorney general; the auditor general; senior military officials from the Ministry of Defense; Qi Zhijia, charge d'affaires ad interim of the PRC Embassy and embassy officials; departmental officials; friends, and relatives.

Khin Nyunt was accompanied by Lt. Gen. Thein Win, minister of transport; Brigadier General Abel, minister of national planning and economic development; U Ohn Gyaw, foreign minister; U Than Shwe, minister of industry-2; Major General Saw Lwin, commander of the Northern Command; U Aung Thaung, deputy trade minister; U Thein Sein, deputy information minister; Colonel Tin Hlaing, deputy home affairs minister; Col. Aung San, deputy construction minister; and officials from the Office of the SLORC, the Ministry of Defense, and the Ministry of Foreign Affairs.

Delegation Departs for Regional Economic Meeting

*BK1309152594 Rangoon Radio Myanmar in Burmese
1330 GMT 13 Sep 94*

[Text] A Myanmar [Burmese] delegation led by U Khin Maung Yin, minister of construction, left Yangon [Rangoon] for Thailand by air this evening to attend the fourth six-country regional meeting on promoting economic cooperation sponsored by the Thai Government and the Asian Development Bank to be held in Chiang Mai, Thailand, on 15 and 16 September.

The delegation was seen off at Yangon Airport by Lieutenant General Tun Kyi, minister of trade; Brigadier General Lun Maung, minister attached to the prime minister's office; responsible departmental personnel under the construction ministry; relatives; and friends.

Chief Justice Speaks at Convention, Part I

BK1409074294 Rangoon THE NEW LIGHT OF MYANMAR in English 3 Sep 94 pp 1-3

[First part of speech by U Aung Toe, chief justice and chairman of the National Convention Convening Work

Committee, at the plenary session of the National Convention in the President Residence compound in Rangoon on 2 September]

[Text] Chairman of the National Convention Convening Work Committee U Aung Toe clarified the matter of prescribing self-administered divisions and self-administered zones, and constituting legislative, executive and judicial affairs at the Plenary Session of the National Convention today.

The following is a translation:

Esteemed chairman and delegates to the National Convention, I extend my best wishes for your well-being in mind and body and all auspiciousness for the delegates to the National Convention.

The Panel of Chairmen appraised at the Plenary Session of the National Convention on 6 April 1994 that it would take time as proposals of the National Convention delegates on prescribing self-administered division (or) self-administered zones were many and extensive and as they would be scrutinized if they were in accord with the principles laid down or not.

In connection with the appraisal of the Panel of Chairmen, I clarified at the Plenary Session of the National Convention on 9 April 1994 that the matter of laying down a principle to prescribe self-administered divisions and self-administered zones should not be carried out at the time but the matter would be deliberated at the next Plenary Session of the National Convention.

The Chairman of the National Convention Convening Commission [NCCC] also urged all to make the most of opportunity available during the recess to conduct studies to be able to offer good advice and suggestions in connection with the chapters on legislative, executive and judicial matters along with the matter of prescribing self-administered divisions and self-administered zones when the National Convention resumed.

You are expected to have already conducted studies to be able to offer good advice and suggestions as urged by the Chairman of the NCCC. The National Convention Convening Work Committee [NCCWC] itself has conducted studies. Of the studies conducted, we will first of all, clarify the points in connection with prescribing self-administered divisions and self-administered zones.

In giving suggestions at the previous Plenary Session, some National Convention delegates, political parties and delegate groups deliberated and proposed the terms—townships, districts and appropriate size of population included in the principles already laid down to form as base. Suggestions and proposals thus made were of much help in prescribing self-administered divisions and self-administered zones. So, I will continue to clarify matters in connection with the terms—townships, districts, appropriate size of population and contiguous areas.

In constituting the Union, principles have been laid down to form base as:

- “in a self-administered zone, townships therein are organized into the self-administered zone”
- “in a self-administered division, townships therein are organized into districts and districts are organized into the self-administered division.”

In the principles to form base, there will be at least two townships as it is stated “townships”; and there will be at least two districts as it is stated “districts.”

In prescribing self-administered areas, a principle has been laid down to form base as:

- “in regions or states, self-administered areas are to be prescribed for national races who reside together in communities on the same common stretches of land in appropriate sizes of population, other than national races who have already got regions or states.”

The “appropriate sizes of population” in the basic principle becomes so when the population of the nationalities concerned in the townships to be included in the self-administered area is the highest in each township, and is more than half of the total population in the townships concerned. “Contiguous areas” signifies that territories of the townships concerned are contiguous and there exist conditions to be contiguous.

I will further clarify each proposal out of those submitted to the previous Plenary Session in connection with prescribing self-administered divisions and self-administered zones, based on the terms I have just clarified. In so doing, I will clarify the proposals for the respective nationalities together if there are more than one proposal for a national races.

Esteemed Chairman,

National races delegates U Hla Pe alias U Kam Yam and U Khaw Lar Saw of Sagaing Division proposed that a self-administered division or a self-administered zone be prescribed for Naga nationals organizing Hkamti Township, Homalin Township, Leshi Township, Lahe Township and Namyun Township included in Hkamti District, Sagaing Division.

According to the data gathered by the Immigration and Manpower Department dated 15 August 1994, the townships where there are the highest number of Naga population in the individual townships in Sagaing Division, and where Naga population is more than half of the total population are Namyun, Lahe, and Leshi Townships. Naga population in each township and total population in those townships are as follows:

—population of Namyun Township	56,598
Naga nationals	42,450
—population of Lahe Township	40,903

Naga nationals	30,065
—population of Leshi Township	15,139
Naga nationals	10,942
—total population of three townships	112,640
Naga nationals	83,457

These townships are situated contiguously. Hence, there exist conditions favourable to prescribing the self-administered zone for Naga nationals organized with Namyun, Lahe and Leshi Townships.

Esteemed chairman,

National races delegates U Kyaw Zaw and U Mya Than proposed that a self-administered division or a self-administered zone be prescribed for Danu nationals organizing Ywangan Township, Pindaya Township, Kalaw Township, Yatsawk Township, Nawngkhio Township, Taunglelon village-tract, Kyaukni village-tract and Bannkan village-tract in Taunggyi Township, Monglon area in Kyaukme Township, six villages of Kyaunghsoegon village-tract and four villages of Legaung village-tract in Thazi Township, Mandalay Division.

According to data gathered by the Immigration and Manpower Department, the townships where there are the highest number of Danu population in the individual townships in Shan State, and where Danu population is more than half of the total population are Nawngkhio, Ywangan and Pindaya Townships. Danu population in each township and total population in those townships are as follows:

—population of Nawngkhio Township	104,302
Danu nationals	35,758
—population of Ywangan Township	56,590
Danu nationals	47,704
—population of Pindaya Township	59,822
Danu nationals	39,273
—total population of three townships	220,714
Danu nationals	122,735

Out of those townships, it is found that Nawngkhio Township is not adjacent to Ywangan Township nor to Pindaya Township. Moreover, there exist no favourable conditions to be contiguous. Ywangan and Pindaya Townships, however, are contiguous. It is therefore observed that there are favourable conditions to prescribe a self-administered zone for Danu nationals organized with Ywangan and Pindaya Townships.

Esteemed Chairman,

National races delegates U Hkun Thein Myint, U Hkun Kyaw Thu and U Hkun Ko Maung of Shan State, U Hkun Win Naung of Karen State, U Aung Hkam Hti of Special Region 6 in southern Shan State and delegate of the Union Pa-o National Organization U Aung Khin proposed that a self-administered zone be prescribed for Pa-o nationals organizing Taunggyi, Hopong, Hsiseng, Yawnghwe, Kalaw, Pindaya, Ywangan, Pekon, Pinlaung, Yatsawk, Loilem, Namhsan, Mong Nai, Maukmai, Langhko, Mongpan, Laihka and Mongkai Townships in Shan State.

According to data gathered by the Immigration and Manpower Department, the townships where there are the highest number of Pa-o population in the individual townships in Shan State, and where Pa-o population is more than half of the total population are only Hopong, Hsiseng and Pinlaung Townships. Pa-o population in each township and total population in those townships are as follows:—

—population of Hopong Township	76,210
Pa-o nationals	50,022
—population of Hsiseng Township	80,253
Pa-o nationals	51,011
—population of Pinlaung Township	118,829
Pa-o nationals	88,072
—total population of three townships	275,292
Pa-o nationals	189,105

Those townships are situated adjacent to one another and there exist conditions favourable to be contiguous.

These townships are closely linked and there are conditions for them to be on the same common stretches of land. Therefore, it is seen that the situation of Hopong, Hsiseng and Pinlaung Townships is such that they can be organized together and prescribed as self-administered zone for Pa-o nationals.

Esteemed Chairman,

Members of the national races delegate group U Shwe Maung, U Nyunt Maung and U Aung Hsar and delegate U Ai Mong of Shan State Special Region 7 have proposed that the villages in Namhkam, Kutkai, Namtu, Namhsan, Kyaukme, and western and northern sectors of Hsipaw, Manton Myothit, Mongngaw Myothit, Mong Mit Townships in Shan State and Mogok Township in Mandalay Division, where the Palaung nationals reside are to be organized together and prescribed as self-administered zone for Palaung nationals.

According to the statistics compiled by the Immigration and Manpower Department, out of the townships in Shan State, the townships where the majority of the people are Palaung nationals and as well as representing over half the population are Namhsan and Mong Ton Townships only. The population of each township and total population of the two townships are:—

—population of Namhsan Township	69,048
Palaung nationals	57,052
—population of Mong Ton Township	29,274
Palaung nationals	15,322
—total population of two townships	98,322
Palaung nationals	72,374

These townships are in the same common stretches of land. Therefore it is seen that Namhsan and Mong Ton townships have the condition to be organized together and prescribed as a self-administered zone for Palaung nationals.

Esteemed Chairman,

National Convention delegate U Yang Kya Kwai alias U Khin Maung San of Shan State Special Region 1 proposed that Kunlong, Konkyan, Kutkai and Mu-se Townships in Shan State (North) should be organized together and prescribed as self-administered zone of Kokang nationals. Representative of the Shan State Kokang Democratic Party U Ti Daung Wai proposed that Kunlong and Konkyan townships should be organized together and national races delegates of Shan State U Chit Swe and U Kyaw Sein and representative of the Kokang Democracy and Unity Party U Phu Kwe Hsi proposed that Shan State (North) Special Region 1 be prescribed as self-administered division for Kokang nationals.

According to the statistics compiled by the Immigration and Manpower Department, the townships where the majority of the people are Kokang nationals and where their population is more than half the total population of the townships are found to be Konkyan and Laukkai Townships. The population of each townships and total population of the two townships are:—

—population of Konkyan Township	35,839
Kokang nationals	27,378
—population of Laukkai Township	55,591
Kokang nationals	46,635
—total population of two townships	91,430
Kokang nationals	74,013

These two townships are closely linked and are on the same common stretches of land. Hence, the condition is such that these two townships can be organized together and prescribed as self-administered zone for Kokang nationals.

Esteemed Chairman,

Representative of national races delegates of Shan State U Sai Paung Nat proposed that Mongmao, Pangweng, Hopang, Pangyan, Na-Hpan, Man Hpan, Tangyang, Mong Yang, Mong Hsu, Mong Pyin, Mong Hkak, Keng Tung, Mong Yawng, Mong Hpayak, Tachilek, Mong Ton

and Mong Hsat Townships and Mongkyet and Mongyaw village-tracts in Lashio Township in Shan State should be organized together and prescribed as self-administered division of Wa nationals. Representative of Shan State (North) Special Region 1 U Aung Myint and representative of Wa National Development Party U Marcos alias U Sai Lone made a proposal for prescribing a Wa State or self-administered division for Wa nationals.

According to the statistics compiled by the Immigration and Manpower Department, the townships where the majority of the population is Wa national and where more than half of the total population is made up of Wa nationals are Hopang, Mongmao, Pangweng, Na-Hpan, Man Hpan and Panyang Townships. The population of each township and the total population of the townships;

—population of Hopang	70,720
Wa nationals	24,024
—population of Mongmao	77,378
Wa nationals	59,105
—population of Pangweng	33,418
Wa nationals	25,526
—population of Na-Hpan	48,466
Wa nationals	37,024
—population of Man Hpan	50,592
Wa nationals	38,644
—population of Panyang	51,895
Wa nationals	24,145
—total population of six townships	332,469
Wa nationals	208,468

These townships are closely linked and are contiguous. Hence, it is seen that the condition is such that Hopang, Mongmao, Pangweng, Na-Hpan, Man Hpan and Panyang Townships are to be organized together and prescribed as self-administered area of Wa nationals. In prescribing thus, since there are six townships it is seen that they can be formed into two districts and prescribed as self-administered division.

Esteemed Chairman,

Representative of Lahu National Development Party U Kyar Ha Shel made a proposal that Mong Pyin, Mong Hsat and Mong Tung townships in Shan State should be organized together and prescribed as self-administered zone of Lahu nationals.

According to the statistics compiled by the Immigration and Manpower Department, it is seen that out of the townships in Shan State, the townships in which the majority of population is made up of Lahu nationals is Mong Hsat Township only. Its population is:—

—population of Mong Hsat	65,446
Lahu nationals	25,156

It is necessary to have at least two townships in a self-administered zone and the population of the national races which will get the right of self-administration must be in majority in each of the townships. Moreover, the population of the national races must be more than half of the total population of each township. The township where the Lahu nationals are in the majority is only one and in the townships which are contiguous to it, Lahu nationals are residing in a scattered manner. Hence, it is seen that the conditions do not permit the prescribing of self-administered zone for Lahu nationals.

However, it is seen that the population of Lahu nationals in Shan State stands at over 170,000. If this population is the appropriate number to participate in legislative and executive affairs of a region or a state, then the situation is such that representatives of Lahu nationals will have the right to participate in legislative and executive affairs of Shan State and carry out the affairs of Lahu nationals.

Esteemed Chairman,

National races delegates of Shan State U San Tun Maung and U Ba Than have put up a proposal to organize together the entire Inle region in Yawngwe Township, Shan State, and prescribe a self-administered zone for Inntha nationals.

According to the statistics compiled by the Immigration and Manpower Department, there is only Yawngwe Township which has a population with Inntha nationals in the majority among the townships in Shan State. The population of Yawngwe is:—

—population of Yawngwe	137,243
Inntha nationals	96,032

In a self-administered zone there must be at least two townships and the national races which will have the right to get self-administered zone must be in the majority in each of the townships as well as more than half of the total population. Since there is only one township where the Inntha nationals are in the majority and in townships which are contiguous, the Inntha nationals do not reside in a community but in scattered places. Hence, it is found that conditions to permit for Inntha nationals to get a self-administered zone do not exist.

However, it is found that the population of Inntha nationals in Shan State stands at over 110,000. If this number of population is the appropriate number to participate in legislative and executive affairs of the self-administered division or self-administered state [as published], then representatives of Inntha nationals will

have the right to participate in legislative and executive affairs of Shan State and carry out the affairs of Inntha nationals.

Esteemed Chairman, National races delegate of Shan State U J. Hla Moe and U Gabriel Byan of Kayan group have proposed that a self-administered zone be prescribed for Kayan nationals, organizing under it the area from Pekon Township to the southwestern tip of Pinlaung Township in Shan State, Loikaw and Dimawhso Townships in the north-west of Kayah State, northern area of Thandaung Township in Karen State and eastern hill region of Pyinmana Township in Mandalay Division.

According to the statement of Immigration and Manpower Department, the only township in Shan State in which Kayan nationals form the majority is Pekon and that in Kayah State is Dimawhso. The total and Kayan populations of the two townships are:

In Shan State, the total population of Pekon Township is 58,639 and its Kayan population is 40,005.

In Kayah State, the total population of Dimawhso Township is 56,408 and its Kayan population is 17,975.

It is found that there is no township in Karen State and Mandalay Division in which Kayan population is the largest. It is stated in an already adopted fundamental principle that the existing seven divisions are designated seven regions and the existing seven states are designated seven states. Self-administered divisions or self-administered zones are to be prescribed within each of the regions and states. According to the delegates' proposal, townships in three states and one division are to be organized into the Kayan nationals' self-administered zone. There is only one township in Shan State in which Kayan population forms the majority and one in Kayah State. So, it is viewed that there is no condition to organize areas in Shan, Kayah and Karen States and Mandalay Division into a self-administered zone.

However, it is found that as the Kayan population in Shan State is more than 480,000 and if it is an appropriate size for participation in the Shan State legislature and administration, it is opportune for participation in the Shan State legislature and administration as Kayan national affairs representatives to manage their national race's affairs.

Esteemed Chairman,

National races delegates of Shan State U Peter Thaung Sein and U Ah Zi said in their proposal that there is no condition to prescribe Akha nationals' self-administered zone composed of Kengtung, Mong Hkak, Mong Yang, Mong Hpyak, Mong Yawng, Tachilek, Mong Hsat, Mong Ton, Mong Ping and Metman Townships in Shan State and however, there is an appropriate size of Akha national population in Mong Ma-Mong La area in the east of Kengtung Township and with it in the centre,

villages and village-tracts in four special regions be organized into Akha nationals' self-administered zone.

U Min Ein of Shan State Special Region 4 proposed that the special region be designated a special self-administered division and under it, Akha self-administered district, Shan self-administered district and Lwela self-administered district be organized.

According to the fundamental principle concerning self-administered areas, there are two kinds—the self-administered division and the self-administered zone. At least two townships are needed to qualify for a self-administered zone. Just as each of them must have Akha nationals in the majority, Akha population must also be more than half its total population. There is no such township in Shan State in which the number of Akha national residents is the largest. So, it is found that there is no condition to prescribe an Akha nationals' self-administered zone.

However, it is found that as the Akha population in Shan State is more than 100,000 and if it is an appropriate size for participation in region or state legislature and administration, it is opportune for them to participate in the Shan State legislature and administration as Akha national affairs representatives to manage their national race's affairs.

Esteemed Chairman,

National races delegate U Zote Dawng of Shan State and U Mahtu Naw of Shan State (North) Special Region 5 have proposed that the special region be designated self-administered division for Kachin nationals in Shan State.

Kachin nationals are a national races that already has its own state and so it is found that there is no condition for Kachin nationals to get a self-administered division or self-administered zone in Shan State.

However, it is found that as the number of Kachin nationals residing in Shan State is more than 100,000 and if it is an appropriate size for participation in the Shan State legislature and administration, it is opportune for them to participate in the Shan State legislature and administration as Kachin national affairs representatives to manage their national race's affairs.

Esteemed Chairman, National races delegates U Kyaw Soe Lay, U Saw Nwe Tun, U Werei Ja and U Mangu Hta Thang of Kachin State have proposed that a self-administered zone be prescribed for Shan national sub-races Tai-lon, Tai-lian, Tai-lei and Tai-hkamti nationals after organizing under it Mohnyin, Mogaung, Kamaing, Bhamo, Shwegu and Mansi Townships in Kachin State.

U Sai Naunt, a delegate of Shan State (North) Special Region 3, has proposed that a suitable self-administered division or self-administered zone be prescribed for Shan national stocks Tai-lian, Tai-nei, Tai-hsa, Tai-hkamti, Tai-kadu, Tai-ganan and Tai-hkum nationals

who reside together in a community on the same stretch of area in southern Kachin and upper Sagaing Division.

U Sai Soe Nyunt, on behalf of Shan Nationalities League for Democracy, has proposed that Tai-lai State or Tai-lai self-administered zone be prescribed after organizing under it all plains in Bhamo, Momauk, Mansi, and Shwegu Townships in Bhamo District, all plains in Myitkyina, Waingmaw, Mogaung, Mohnyin, Kamaing and Tanai in Myitkyina District, Katha, Indaw, Tigyaing, Banmauk, Kawlin, Wuntho and Pinlebu Townships in Katha District, Kale, Paungbyin, Tamu, Kalewa, Mawlaik and Meinkan areas in Kale District and Hkamti, Homalin and Namyun areas in Hkamti District.

As a fundamental principle concerning the State Structure has been already laid down to prescribe that the existing seven divisions are designated seven regions and the existing seven states are designated seven states, there is no permission to delineate for further designation of a region or state. So, it is found that there is no condition for such delineation as in the proposal of Shan Nationalities League for Democracy which has been submitted for designating a new state.

Similarly, there has been a fundamental principle for prescribing a self-administered area only for national races who have not got a region or state. So, it is found that there is no condition for prescribing a self-administered zone as proposed by Shan Nationalities League for Democracy.

However, the population of Shan nationals in Kachin State is more than 260,000 and that in Sagaing Division is more than 200,000. If the sizes of population are appropriate for participation in the region or state legislature and administration, Shan nationals have the opportunity to participate in the Kachin State and Sagaing Region legislatures and administrations as Shan national affairs representatives to manage their national race's affairs.

Esteemed Chairman,

National races delegates U Kyaw Soe Lay, U Saw Nwe Tun, U Werei Ja and U Mangu Hta Thang of Kachin State have proposed that Putao self-administered zone be prescribed for Lisu, Rawan and Tai-hkamti nationals after organizing under it Putao, Machambaw, Nogmung, Hkawbude and Sumprabum Townships in Kachin State.

The fundamental principle regarding self-administered division or self-administered zone is not for such designation as in the proposal for three or four national races together but for each national races and so it is found that there is no condition for their proposal to designate a self-administered zone.

Esteemed Chairman,

National races delegate U Htat Lai of Chin State has proposed that Paletwa Hills self-administered division be prescribed for Khumi nationals in Paletwa area after

redelineating it into five townships—Shinletwa, Tron-ai, Paletwa, Samee and Thandaung Townships.

It is essential that there must be at least two townships in a self-administered zone and the population of the national races must form majority in each township and over a half of the total population of the townships. To prescribe as a self-administered division, it is essential that there must be at least four townships. According to the data compiled by the Immigration and Manpower Department, it is found that there is no township in Chin State inhabited by majority of Khumi nationals. As such, there are no favourable conditions to prescribe Paletwa Hill as self-administered division for Khumi nationals.

Esteemed Chairman,

On behalf of the Mro or Khami National Solidarity Organization, U San Tha Aung proposed Pauktaw, Ponnagyun, Mrauk-U, Buthidaung, Maungdaw, Rathedaung and Kyauktaw Townships in Rakhine State and Paletwa Township in Chin State be organized and prescribed as self-administered division for Mro or Khami nationals.

The fundamental principle was laid down for designation of a self-administered division of self-administered zone in respective regions or states. It is found that Mro or Khami National Solidarity Organization's proposal to organize the townships in Rakhine and Chin States and prescribe them as self-administered division is inconsistent with the fundamental principle.

As regards organizing townships in Rakhine State only or in Chin State to prescribe a self-administered division, it is essential that there must be at least four townships in a self-administered division and the population of the nationals to be prescribed for that self-administered division must form majority in each township and over a half of the total population inhabited in the townships.

In accordance with the data of the Immigration and Manpower Department, it is found that there is no township in Rakhine State and Chin State inhabited by majority of Mro or Khami nationals. Thus, there are no favourable conditions to designate as self-administered division for Mro or Khami nationals.

Esteemed Chairman,

On behalf of the Union Karen League, U Saw Than Aung proposed "excluding Kayin State" be included in the clause "other than national races who have already got regions or states" in Item 5 of the seven basic principles for the State Structure and to designate self-administered areas for Pa-o, Palaung, Danu, Lahu, Akha, Wa, Kokang, Mro or Khami, Naga and Lisu nationals and other deserving national races.

It is appraised that the Item 5 of the basic principles, which was adopted in connection with designating self-administered areas, concerns all national races who have got regions or states, and there cannot be made any

exception. If Karen nationals in the other region or state outside the Kayin State constitute an appropriate size of population to participate in legislation and administration of the region or state, there will be right for the representative of Kayin nationals to participate in legislature and administration of the region or state to be able to carry out Karen national affairs.

In connection with the Karen National League's proposal on designation of self-administered divisions or self-administered zones for deserving national races, the matter has been included in the classification relating to each national races.

Esteemed Chairman,

On behalf of the Shan Nationalities League for Democracy, U Sai Soe Nyunt proposed in connection with the self-administered areas to be prescribed for national races that if it is assumed necessary to prescribe self-administered zone for Mro or Khami nationals in Rakhine State, it is also necessary to prescribe self-administered areas for Karen nationals in Irrawaddy Region, Chin and Naga nationals in western Magwe Region and western Sagaing Region, Karen and Pa-o nationals in Karen State and Mon State, and Tai-lai nationals of upper Sagaing and Kachin areas.

The above-mentioned clarification relating to each national races includes the matter concerning the proposal in connection with Tai-lai and Naga national races. For the remaining nationals included in the proposal, it is appraised that Karen and Chin nationals have already got their own states, and will not get a self-administered division or self-administered zone in another region or state.

The above-mentioned clarification also includes Pa-o national affairs. Though any township in Mon State is not inhabited by majority of Pa-o nationals, the total population of Pa-o nationals in Mon State is over 66,000. It is found that depending on the size of population of Pa-o nationals to be appropriate for participation of legislature and administration in a region or state, the representative of Pa-o nationals will have right to participate in legislature and administration of Mon State to be able to carry out Pa-o national affairs.

Esteemed Chairman,

On behalf of the National League for Democracy, U Khin Maung of Panglong, U Nyunt Wai, U Lwin and U Aung Shwe proposed in connection with the designation of self-administered divisions or self-administered zones that it is appropriate to prescribe them right away instead of having the State set up a commission to do so, for the nationals concerned will be pleased and it will further consolidate national unity. However, they also proposed that it should not be decided without having proper data on the population sizes and density in respective regions and topographical conditions, and so the State should form a commission to do so.

U Tun Yi and U Khin Maung Gyi of the National Unity Party proposed that for Wa, Kokang, Pa-o and Palaung nationals in Shan State and Naga nationals in Sagaing Region, it is more appropriate to designate which townships to be prescribed as self-administered division or self-administered zone for which national races and representatives of the national races in respective regions should extensively and practically coordinate and participate in so doing. In connection with designating self-administered division or self-administered zone, national races delegates group, peasant delegates group, worker delegates group, intelligentsia and intellectual delegates group, service personnel delegates group and other invited persons group also submitted proposals. Similarly, there are proposals submitted individually or in groups by the delegates of these groups, and those submitted on behalf of their party, individually or in groups, by delegates of representative-elect delegates group.

All delegates have already known these proposals which delegates concerned read and submitted the proposal papers at the previous National Convention Plenary Session. All delegates hear again the salient points of the proposals appraised and submitted by the members of the Panel of Chairmen. In connection with designation of self-administered division or self-administered zone, I have included in my clarification the points in the proposals of national races and parties. Therefore, I will not clarify these points again.

Esteemed Chairman,

What I have said now is the part related to designating self-administered division or self-administered zone. I will continue my clarification in connection with Legislature, Executive and Judiciary.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Calls UK Media Reports 'Pack of Lies'

BK1509084294 Kuala Lumpur NEW STRAITS TIMES in English 9 Sep 94 p 2

[Text] Kuala Lumpur, Thurs.—Prime Minister Datuk Sri Dr. Mahathir Mohamed described British media reports about Malaysia and the government's programmes as "a pack of lies." He said the government was still not satisfied with the reports in the British media about Malaysia, its leaders, and the government.

"I find it a waste of time. They just cannot tell the truth," he told reporters after chairing the UMNO [United Malays National Organization] Supreme Council meeting.

When asked whether the lifting of the ban imposed on British companies from participating in any new contracts by government agencies and departments meant

that the government was satisfied with the coverage given by the British media, he said: "We are not satisfied with the British media."

Dr. Mahathir said as far as the government was concerned, the British media can write or broadcast anything about the country and the government.

"They can write or say what they want as long as we continue to improve our economic conditions and bring development."

The unconditional lifting of the ban was announced by Deputy Prime Minister Datuk Sri Anwar Ibrahim yesterday. The ban was imposed on Feb. 26 this year in protest against unfair British media reports on Malaysia and its leaders alleging corruption in the award of public contracts to British firms. The ban had cost British firms several billions of ringgit in lost contracts.

When asked to comment on Election Commission Secretary Datuk Abdul Rashid Abdul Rahman's statement that the commission should be empowered to determine a fair and balance programme for political broadcasts and advertisements through state-owned media for all political parties, Dr. Mahathir said that was purely up to the media.

"Those who own the media control the coverage. I do not tell the press to write good things about me," he said. He said coverage was the responsibility of media owners, not the government.

Defense Minister Holds Talks With PRC Counterpart

BK1409143994 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 14 Sep 94

[Text] China and Malaysia are going to improve bilateral defense ties by posting defense attaches at their respective embassy. The minister of defense, Datuk Sri Najib Tun Razak, said the decision to send defense attaches after many years of diplomatic relations with China was because contacts between the defense officials of both countries were being formalized. He said it shows Malaysia's recognition of the importance of China and its desire to improve bilateral relations, as it is a growing relationship. He was speaking to reporters after discussions with Chinese Defense Minister General Chi Hao-tian, who is in Kuala Lumpur on a three-day official visit.

Defense attaches from communist countries including the former Soviet Union have been posted to Kuala Lumpur. Datuk Sri Najib said that defense relationship between China and Malaysia was expected to improve with more contacts through the frequency and number of visits between defense officials of the two nations.

Handling of Disputes With Singapore Praised

BK1209115894 Kuala Lumpur Voice of Malaysia in English 0810 GMT 12 Sep 94

[Station commentary]

[Text] The meeting between Prime Minister Datuk Sri Dr. Mahathir Mohamed and his Singaporean counterpart, Goh Chok Tong, in Langkawi recently appears to be more than just an ordinary bilateral meeting. They stressed the need to clarify policies to avoid misunderstanding. On the agenda were series and specific matters which could affect the present good relations between the two countries. The topics included the dispute over the ownership of a tiny island called Pulau Batu Putih off Johor and the status of Malayan Railway—now KTM Berhad [KTMB—Malayan Railway Limited]—land in the island republic. Their intention in bringing out these sensitive issues at the meeting was very clear—to preserve the good relations between the two countries. And it was with this view that both leaders agreed to settle them on points of law.

The issue of the ownership of the island known to Singapore as Pedra Branca, 50 kilometers off Telok Ramunia southeast of Johor, arose in the early 1980's when Malaysian fishermen were said to have been prevented from fishing there. It is Malaysia's policy to seek a solution based on existing documents and laws whenever it was confronted with an overlapping territorial claims. For historical reasons, Singapore has been managing the lighthouse on the island to this day. Dr. Mahathir and Mr. Goh had agreed in principle to refer the matter to the International Court of Justice. This is a positive approach shown by both countries to find an amicable settlement. The sooner it is resolved the better it will be. If allowed to drag on it will continue to have an effect on the local people. Officials from both sides have met several times and exchanged documents to justify their claims over the island. Both countries are taking the position that the island is rightfully theirs. Therefore, the agreement that the matter be referred to a third party is undoubtedly a step in the right direction. However, Malaysia feels that both sides should produce legal documents to back their claims. Malaysia's stand is that negotiations should be based on the legalities and not on historical grounds.

The use of forums of law in settling bilateral disputes (?may change totally) in the case of the status of KTMB land along Bukit Timah in Singapore once KTMB relocates its railway station to Woodlands. Though there was mention that the matter would be referred to the court for (?certainty), Goh had suggested to Dr. Mahathir that former Malaysian Finance Minister Tun Daim Zainuddin take up the issue with Singapore's Senior Minister Lee Kuan Yew over their interpretation of an agreement they had worked out several years ago. Singapore maintains that the prime land along Bukit Timah must be surrendered to them once the station is no longer there. But Malaysia is unhappy with the stand and resorts for clarification on (?the disputed) land and also wants to jointly develop it with Singapore.

It is heartening to note that despite some sensitive issues, Malaysia-Singapore relations are still good. As friendly

neighbors they have the capacity and the capability to overcome any differences in the spirit of ASEAN goodwill.

FPDA Joint Sea, Air Exercises Begun 12 Sep

BK1209151994 Singapore Singapore Broadcasting Corporation in English 1400 GMT 12 Sep 94

[Text] Exercise Starfish '94 was opened this morning by the chief of Defense Force Lieutenant General Ng Jui Ping off Pulau Tioman [Malaysia]. The navies and air forces of Australia, Malaysia, New Zealand, Singapore and Britain joined in the annual exercise.

In his speech, Gen. Ng said the resilience and robustness of the Five Power Defense Arrangement, the FPDA, have continued to improve positively regional stability and security. He said FPDA will continue to ensure there is close integration between air and sea operations as they are a vital part of modern defense capability. Gen. Ng also witnessed the signing of the latest issue of the FPDA agreement for the conduct of maritime exercises. Starfish '94 will be completed on Saturday next week.

Police Arrest Another 12 Al-Arqam Members

BK1309152494 Kuala Lumpur NEW STRAITS TIMES in English 12 Sep 94 p 2

[Text] Pasir Puteh, Sun.—Police today arrested 12 male members of the banned Al-Arqam movement in two operations here. OCPD [Officer-in-Charge of Police District] DSP [Deputy Superintendent of Police] Ali Mohamad said in the first operation about noon, two people were arrested for doing business using the Al-Arqam logo in Padang Pak Amat. The other 10 were picked up at the Al-Arqam commune in Gong Kulim at 5.30 pm.

Police To Continue Crackdown

BK1409033694 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 13 Sep 94

[Text] Selangor Police Chief DCP [Deputy Commissioner of Police] Yaacob Mohamed Amin says the police will continue their operation against the outlawed Al-Arqam movement. He said 58 Al-Arqam followers, including 22 women, have been arrested in Shah Alam, Sepang, Kelang, Gombak, and Kajang since last Saturday. They were later released on police bail.

During the crackdown, the police also seized hundreds of books written by the banned group's leader, Ashaari Muhammad, and leaflets printed by the movement. DCP Yaacob said those arrested will be charged under the Society's Act and the Printing Presses and Publications Act.

In Melaka, the Religious Affairs Department with the cooperation of various government departments and

agencies today inspected six villages which had been identified with having Al-Arqam followers. No arrests were made.

Authorities Raid al-Arqam Commune

BK1409133094 Kuala Lumpur BERITA HARIAN in Malay 10 Sep 94 p 1

[Excerpt] Seremban, Friday—As many as 129 al-Arqam followers, including a daughter-in-law of Ashaari Muhammad [al-Arqam leader] were detained in a large-scale operation against a commune of the group at Taman New Zealand, Paroi here early this morning. The raid, which was conducted by officers of the Negeri Sembilan Islamic Affairs Department and police, was believed to be the first on the al-Arqam's settlements since the group was banned by the National Fatwa [Religious Rulings] Council on 5 August.

Kartini Maarof, Ashaari Muhammad's daughter-in-law who was detained in the raid, is a law graduate of the International Islamic University. Kartini, who hails from Batu Pahat, reportedly married Ashaari's son, Ikramullah, in Thailand on 29 January. The commune, which was inhabited by about 250 al-Arqam followers, has a primary school in addition to housing the office of the movement in Negeri Sembilan. Ikramullah heads the movement in the state.

Datuk Mohamed Hussein, director of the Negeri Sembilan Islamic Affairs Department, said 40 of the detained persons are adults, including 22 women aged between 30 and 40. They stood trial before the Islamic law Court this afternoon.

Eighty-nine others are children aged between three and seven. They were released at noon. The Federal Reserve Unit has been guarding the Negeri Sembilan Islamic Affairs Department and the Sharia court since this morning. [passage omitted]

Singapore

Goh Comments on Goals of Australia Visit

BK1409054094 Singapore THE STRAITS TIMES in English 13 Sep 94 p 1

[By Han Fook Kwang in Sydney]

[Text] The prime minister yesterday proposed the setting-up of a Singapore-Australia Business Council, a move that will help companies of the two countries seize business opportunities in the region.

Mr. Goh Chok Tong said that he would be taking up the idea when he meets his counterpart Paul Keating today in Canberra.

The proposed council will provide a forum for Singapore and Australia businessmen to meet, network, and work out new joint ventures for mutual benefit.

Similar arrangements have already been made with Britain and Germany, and a Franco-Singapore Business Council is expected to be finalised next month.

Speaking at the 12th Asia Lecture organised by the Asia-Australia Institute, University of New South Wales, on the first day of his official visit here, Mr. Goh was upbeat about business prospects for joint Singapore-Australian projects, as he was about ties between the two countries.

He cited figures to show Australia's growing links with Asia: Two-thirds of its exports go to Asia. Japan bought more from it than the U.S. and the European Union [EU] combined, and the six ASEAN countries imported more from it than the 12 EU members.

Many Asian leaders, businessmen, and professionals studied in Australian universities, he said, adding that half the Malaysian Cabinet were educated there, as were Singapore ministers like Mr. Mah Bow Tan, Mr. Yeo Cheow Tong, and Dr. Lee Boon Yang.

As for Singapore-Australia ties, he said they were warm and close, and both were committed to freer trade and open markets.

A partnership between the two countries to invest in the region had considerable potential, he noted.

"As Australia reaches out for a greater role in Southeast Asia, it will have a friend and partner in Singapore," he told the audience of businessmen, academics, and community leaders.

He explained Singapore's drive to go regional, adding: "We need partners, and Australia is a suitable one."

The two countries already cooperated on a wide range of areas, including defence, trade, telecommunications, sports, arts, and education and more could be done, he noted.

Citing the recently launched Singapore-Victoria-Jiangsu tripartite initiative, he said it could be a model for other initiatives with other Australian state governments.

The project involves Singapore partnering the state of Victoria in investing in projects in Jiangsu Province in China.

The timing for further cooperation to seize business opportunities in the region was favourable as Australia was carving a niche in the region at a time when Singapore companies were being encouraged to invest regionally, he said.

He cited Australian expertise in tourist resort development, food processing, mining, and infrastructural development as areas in which it could partner Singapore companies to invest in the ASEAN countries, China, Vietnam, and India.

Singapore, he added, welcomed Australian participation in specific projects in ASEAN, citing the Singapore-Indonesia project to develop new tourist destinations in Indonesia as an example.

Another possibility was for Australian companies to take an equity stake in some of the proposed projects in third countries, for example, the development of an industrial park in Vietnam by Jurong Town Corporation.

As he saw it, there was a happy meeting of interests in the two countries: Australia being the most Asianised country of Western origin and Singapore being an Asian country with close cultural and political affinities with the rest of Asia.

"Together, Australia and Singapore can seize the opportunities in the region and in turn help the region to develop," he said. "This is my mission to Australia—to strengthen our strategic links."

During the half-hour question and answer session, Mr. Goh replied to queries about Singapore's regionalisation drive, prospects in India and Myanmar [Burma], the East Asia Economic Caucus, and Singapore's role in the region. Earlier, he had discussions with the premier of New South Wales State, John Fahey.

He leaves for Canberra today where he will discuss with Mr. Keating bilateral ties and regional issues, in particular the coming APEC [Asia-Pacific Economic Cooperation] leaders summit in Bogor Indonesia.

Cambodia

Ranariddh on Steps Necessary for ASEAN Membership

BK1309141294 Phnom Penh CAMBODIA TIMES in English 11-17 Sep 94 p 3

[Report by M.H. Tee; quotation marks as published]

[Text] Phnom Penh—The nation will seek to sign the Treat of Amity and Cooperation in South East Asia (Bali Agreement) as a prelude towards attaining observer status with the Association of South East Asian Nations (ASEAN).

First Prime Minister Prince Norodom Ranariddh during a recent interview with THE CAMBODIA TIMES said, "After signing the treaty, we will achieve observer status. Thereafter we will become a full member of ASEAN."

"It is necessary to become a member of ASEAN as it is an economic organization which is non-military in nature. Therefore, being an ASEAN member does not mean that we are working against the neutrality and nonaligned status of this nation. Neutrality means that we should not be part of any military alliance."

"And because ASEAN is an economic and political organization, we have to boost economic growth in this nation. All members of ASEAN, including Thailand are

very eager to welcome us," Prince Ranariddh said. He added that it was important for this nation to tap into the booming economic development and progress being achieved by the ASEAN countries.

"We must quickly tap into this vast economic market as it presents us with an excellent chance to accelerate economic development here. This will contribute to rapid rehabilitation and reconstruction of our nation," he said.

Prince Ranariddh added that being a member of ASEAN also provides this nation the opportunity and means to resolve problems, problems between countries, border problems, political problems vis-a-vis neighboring states.

"ASEAN is a train of development. We cannot allow that train to leave without us. So we will become a member of ASEAN. This is the determination of the nation."

In addition to this, ASEAN membership could contribute effectively in resolving some of its border demarcation, intrusion and maritime intrusion problems with its neighbors.

Joint exploration of this nation's natural resources to benefit all parties concerned will also be made easier with ASEAN membership. This will eliminate or minimize military or armed confrontation.

Besides seeking ASEAN membership, Prince Ranariddh also expressed his desire for bilateral and multilateral assistance on a turnkey basis. This was more preferable than technical assistance from various organizations.

"Bilateral assistance on a turnkey basis will see rapid implementation of various reconstruction, rehabilitation and development projects. Much of the allotted funds will be used this way," Prince Ranariddh said, emphasizing the need for thorough implementation.

Minister Leaves To Attend Meeting in Indonesia

BK1409081294 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 14 Sep 94

[Text] At the invitation of Australia's Asia Institute, Prince Kromkhun Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation, on 13 September left to attend the 1994 forum of Asian leaders, to be held in Bali, Indonesia, from 14 to 15 September. Seeing off the Prince Kromkhun at Pochentong airport were His Excellency [H.E.] Uch Kim-an, state secretary of the ministry of foreign affairs and international cooperation; H.E. Ung Sean, under state secretary of the ministry; and other ministry officials. H.E. Taufik Sudarbo, ambassador extraordinary and plenipotentiary of Indonesia to Cambodia, was also present.

'Substantial' Increase in Investment Predicted

BK1309141594 Phnom Penh CAMBODIA TIMES in English 11-17 Sep 94 p 12

[Report by Ouk Kimseng]

[Text] Phnom Penh—Malaysian companies have invested more than US\$300 million in the nation and this is set to rise significantly.

Among the sectors where Malaysians have invested large amounts of funds are in banking, mining, logging, education, publishing, trading, power generation and telecommunications.

The Malaysian Ambassador Deva Mohamed Ridzam said that the onset of the new trade and investment regime, tax regime and company law will contribute significantly to a substantial increase in investments in this nation.

In addition to the, improvements to the political and economic security and stability in the nation, will attract large investments and some are already in the application stage. [sentence as published]

Two agreements signed in Malaysia during the recent visit by the First Prime Minister, Prince Norodom Ranariddh's delegation would ensure that Malaysia's business interests were guaranteed and not subjected to nationalization.

It will provide confidence to other investors in doing business in the nation.

The two agreements are the Promotion and Protection of Investment and the Economic, Scientific and Technical Cooperation.

The Economic, Scientific and Technical Cooperation is designed to further enhance aid already given to the nation.

Total trade between both countries had increased from US\$25.1 million in 1992 to US\$25.5 million last year. Malaysia's main exports to the nation were telecommunications, beverages, glassware, paper, and electronic products. Imports were rubber, wood, marine products and maize.

In addition to direct trade between investors and the nation, bilateral assistance in the field of technical and scientific assistance is also being carried out. Experts from the Malaysian agricultural sector had visited the nation to look into ways and means of promoting and upgrading agricultural products here.

Malaysia had also provided water pumps and engines to the Royal Government and had also recently provided diesel fuel and engine oil to the Royal Palace for use in the rural areas by farmers.

Minister Cites Industrial Development Figures

BK1409133694 Phnom Penh AKP in French 0425 GMT 14 Sep 94

[Text] Phnom Penh 14 Sep (AKP)—Pu Sothirak, minister of industry, mines, and energy, said that "the industrial sector has significantly developed since the formation of the Royal Government of Cambodia in

November 1993 and, particularly, since the beginning of the process of privatizing state-owned industries."

Of the 79 factories in Cambodia, 62 have already been rented out to investors with a medium or long-term lease, 13 are still operative in cooperation with foreign partners, and the remaining four continue to remain under state management the minister said.

Garments and fabric, he added, are at the forefront of exported manufactured goods.

Of the 25 companies investing in textiles, 23 are involved in producing fabric.

In the first six months of the year, 356,262 ready-made garments were exported with a turnover of \$789,000, and 31,000 meters of fabric were produced and sold for \$47,00 during the same period.

The buyer countries included the United Kingdom, Germany, Ireland, Switzerland, Australia, Belgium, France, Norway, Denmark, Finland, Netherlands, Luxembourg, and Italy. In addition, enterprises from Singapore, Thailand, Hong Kong, Taiwan, Malaysia, and China are major investors in the country's industrial sector.

Sirivut Sets Demand for Release of Thais

BK1509131094 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 15 Sep 94

[Text] All the 14 Thai nationals implicated in the 2 July abortive coup—five of whom have already been released—will be set free, but we demand that Thailand close down the radio of the Khmer Rouge [KR]. As far as Vietnam is concerned, we will continue normal relations with it. These were remarks made by Prince Kromkhun Norodom Sirivut, minister of foreign affairs and international cooperation, when he received U.S. Deputy Assistant Secretary of State Peter Tomsen in Phnom Penh in the afternoon of 12 September.

Concerning Cambodia's application for ASEAN membership, the prince said that the Kingdom of Cambodia will soon join this association because we have a multi-party National Assembly and a free market and we are closer to ASEAN than Vietnam is; so we can become a member very soon. He added: We will sign an agreement of cooperation with ASEAN in the very near future.

The deputy prime minister also said that the Royal Government of the Kingdom of Cambodia, as a sovereign state, is fully justified in seeking military aid. Regarding the latter, we first of all need help for the establishment of a military academy and the setting up of institutions that will strengthen the army and [words indistinct].

The prince said: We have no objection to the U.S. request to set up a commission for investigating acts of genocide in Cambodia, but it is more important to build the infrastructure because this is not a good time to make

investigations. He went on to say that the Kingdom of Cambodia is promoting good relations with neighboring Thailand despite some problems. He said: We are also working to promote the good relations of Laos and Malaysia with Thailand.

Government: 'Door Remains Open' To Khmer Rouge

BK1509085494 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 14 Sep 94

["Political commentary:" "The More They Try, the Further They Deteriorate"]

[Text] The Khmer Rouge proposal through His Majesty the King Norodom Sihanouk, who remains neutral above all Cambodians, calling for the revocation by the National Assembly of the bill outlawing the Khmer Rouge and the reopening of their representing office in Phnom Penh, shows that they are really getting weaker and weaker and are rolling downhill. Nothing can help them.

People still remember that after they failed to prevent the UN-sponsored free and democratic election, the Khmer Rouge have been trying out every trick to seize power. However, the more they tried, the more they were isolated and defeated. Finally, they were outlawed by the National Assembly of the Kingdom of Cambodia, which represents the will of over 9 million Cambodians.

Engrossed with their ambition for power, the Khmer Rouge have resorted to the trick of ordering the old clown Khieu Samphan to set up the so-called provisional government on 10 July 1994. Prematurely and hastily born, this government cannot save the Khmer Rouge from being further bogged down in the political quagmire. This was only designed to raise the morale of the remnants of their subordinates. The Khmer Rouge never thought their plan would suddenly crumble like this because they still hoped that their inside forces can break the working alliance between Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, or prevent the bill outlawing the Khmer Rouge from being passed.

What is more important, in accordance with the spirit of the 23 October 1991 Paris agreement, the international community is resolutely doing everything to assist and support the government born from the election to rehabilitate and develop the country. Military aid has not been excluded.

Being more and more at an impasse and cornered, the Khmer Rouge have turned to abducting foreigners, a tactic they used during UNTAC's [UN Transitional Authority in Cambodia] time to thwart the provision of all kinds of aid to the Royal Government. However, the Khmer Rouge have frankly admitted that they have no hope of achieving anything from this method. No matter how disgraceful this is, it cannot match the disgrace of being discarded by the human community.

Another factor that makes the Khmer Rouge shiver even more is the noticeable turn in Thailand's position. Thailand has said it is ready to bar Khmer Rouge leaders from passing through its territory. Thailand now faces a threat of having \$10 million worth of military aid from the United States cut off if there is evidence that it is supporting the Khmer Rouge.

The Khmer Rouge are more and more at an impasse and want to get out of this pit. The Royal Government of Cambodia and the National Assembly of the Kingdom of Cambodia, although having banished the Khmer Rouge from Phnom Penh and outlawed them, have already announced that the door remains open. However, the Khmer Rouge will not be allowed to try everything in violation of the Constitution and laws that have emerged from the representatives of the will of thousands of Cambodians.

Ranariddh Criticized for Selling Land To Vietnamese

BK1509064094 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 14 Sep 94

[Text] Since Ranariddh announced the sale of Cambodian territory to 4 million Vietnamese in Cambodia on 5 September 1994, leaflets opposing the two-headed government and Ranariddh have been found at many places in Phnom Penh. These leaflets were at the Phnom Penh University, the monk's hospital, and the Kampuchea Kraom road.

These leaflets say that Ranariddh and the two-headed government have allowed 4 million Vietnamese to continue living in Cambodia. This is a very serious crime betraying the nation and should not be condoned. Ranariddh is becoming a traitor, like Hun Sen, Chea Sim, and Sar Kheng. Ranariddh is Chey Chetha [a former Cambodian king] III selling Kampuchea Leu [as opposed to Kampuchea Kraom, former Cambodian territory now part of south Vietnam]. Ranariddh has announced that the four million Vietnamese can continue to live in Cambodia and plunder the resources of the Cambodian nation and people. He should definitely be hanged. The leaflets clearly show that the masses in Phnom Penh are really fed up with the two-headed government. One day they will join together and rise up to depose the two-headed government.

KR Accuses Hun Sen Guards of Killing Editor

BK1509083994 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 14 Sep 94

[Text] Nun Chan, editor of SAMLENG YUVEAKCHON newspaper, was gunned down in the most fascist manner by Vietnamese sappers on 7 September.

According to reliable sources in Phnom Penh who have been following this matter, the perpetrators who killed

Nun Chan were the special guards of Hun Sen, the traitor ringleader. The sources specify that before he left for France, traitor Hun Sen issued the order that while he is abroad, Nun Chan was to be killed at all costs so as to mislead the people.

For a long time traitor Hun Sen has been waiting for the opportunity to kill reporters who speak the truth and oppose him. He is very angry when reporters oppose Ranariddh, who is his lackey. He is angry when newspapers oppose him and support Sam Rangsai. He was angry when newspapers exposed that he staged the coup.

The sources adds that apart from Nun Chan, on the list of men ordered killed by traitor Hun Sen, there are some FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] ministers. Some are Assembly members including Sam Rangsai.

The masses in Phnom Penh, students, newspapers, teachers, and foreigners, all know about this. This was why diplomats or foreign mass organizations did not dare attend Nun Chan's funeral because they know this killing originated from traitor Hun Sen. The masses in Phnom Penh say: Wait and see. Those who murdered Nun Chan will never be arrested. How can murderers arrest murderers?

The great murderers who have killed Nun Chan, (Thoa-mongkol) [another newspaper editor], and students are Hun Sen, Chea Sim, and Sar Kheng, traitor ringleaders and out-and-out lackeys of communist Vietnam. Their hands, mouths, and fangs have been stained with the blood of hundreds of thousands and even millions of Cambodians for more than 15 years.

Some reporters have said that these guys should be hanged, commensurate with their great crimes, to end all barbarous killings and the war in Cambodia.

KR Condemns Crimes Against Journalists, People

BK1509061494 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 14 Sep 94

[“Communique by the Ministry in Charge of the Situation and Labor in Phnom Penh and Cities of the Provisional Government of National Union and National Salvation Condemning Communist Vietnam and the Two-Headed Government for Further Intensifying Fascist and Barbarous Crimes Against the Masses and People in Phnom Penh;” dated 14 September; place not given]

[Text] 1. Communist Vietnam and the two-headed government are further intensifying fascist and barbarous crimes against the masses and people in Phnom Penh. They have used the Dac Cong forces of communist Vietnam to shoot and kill Nun Chan, editor of the SAMLENG YUVEAKCHUN KHMER newspaper, in the heart of Phnom Penh in broad daylight in the most

brutal and fascist manner. They have also assassinated other journalists and they continue to threaten them every day. Apart from this, they continue to arrest, detain, torture, shoot, and kill the masses and people in Phnom Penh secretly in the most fascist and barbarous manner. This causes the masses and people to live in panic and insecurity and in an atmosphere of constant terrorism.

2. With these actions, they continue intensifying the enforcement of their fascist law concocted by communist Vietnam, the unscrupulous alliance, and the two-headed government to destroy our nation and people.

3. The Provisional Government of National Union and National Salvation [PGNUNS] furiously condemns the fascist and barbarous actions against the masses and people in Phnom Penh.

4. Their crimes indicate their true nature of being an arch criminal, destroyer of the Cambodian nation and people, and exterminator of our Cambodian race. Moreover, this also shows the stalemate faced by this gang, which is behaving frenziedly like a mad dog because it has been beaten by the Cambodian nation and the Cambodian people everywhere.

Our fellow compatriots in Phnom Penh, like our entire nation and people, oppose war, fighting, the communist Vietnamese race exterminators, the 4 million Vietnamese coming to swallow Cambodia, and the unscrupulous alliance sabotaging peace and national reconciliation. Our nation and people stand against the out-and-out traitorous two-headed government. Our entire nation and people in the countryside, Phnom Penh, and abroad have risen up to struggle bravely and unceasingly with a view to saving our nation and race from disappearance. They will further join the PGNUNS in the struggle with guerrilla and people's warfare to decide the fate of the nation themselves.

Experience in the last month clearly shows that the guerrilla and people's warfare is a fine path, and also the most efficient weapon used by our nation and people in their struggle to safeguard the nation absolutely.

14 September 1994

Ministry in Charge of the Situation and Labor in Phnom Penh and Cities of the PGNUNS

Khmer Rouge Downs Government Plane in Siem Reap

BK1509140594 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Sep 94

[Text] On 13 September an airplane of the two-headed government, flying from the town of Siem Reap to launch activities in Svay Leu District, was shot down by our National Army with an anti-aircraft gun. The plane crashed near Siem Reap and was destroyed. The pilots were killed.

Indonesia

Government To Prohibit Formation of New Parties

BK1409074694 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 14 Sep 94

[Text] Home Affairs Minister Yogi Suardi Memet, as patron of domestic politics, has said the Department of Home Affairs will not approve the formation of new political parties and will not amend Law No. 3/1985 on Political Parties and the Functional Group [Golkar]. Answering questions from reporters on a possible formation of a new political party as demanded by some members of the Nahdlatul Ulama [NU, Association of Muslim Scholars], the minister said no new political parties can be formed.

The minister, whom reporters met following a working meeting with House Commission II [in charge of home affairs] in Jakarta yesterday, added that the provisions of Law No. 3/1985 clearly stipulate that Indonesia has two political parties—the PPP [United Development Party] and the PDI [Indonesian Democratic Party]—and a functional group—the Golkar. The minister called on the people, including the NU members, to implement the existing law governing the existence of political parties and not to think of forming new political parties.

Military Spokesman Reaffirms Support for Openness

BK1409091194 Jakarta REPUBLIKA in Indonesian 5 Sep 94 p 11

[Text] Semarang, REPUBLIKA—Brigadier General Syarwan Hamid, head of the Information Service of the Armed Forces of the Republic of Indonesia [ABRI], has said the ABRI General Headquarters consistently supports openness promoted by the government.

Speaking during a get-together with reporters and executive officials of the Central Java chapter of the Indonesian Journalists Association in Semarang on Sunday, the head of the ABRI Information Service told a get-together that the ABRI is consistently developing openness that will lead to progress and will not lead to destruction. He said the ABRI adheres to Pancasila Democracy in its openness policy to enable the national democracy to grow well, because citizens are still learning about the openness that has grown quickly since 1993. He admitted that the openness may in fact bring serious consequences for the government and the ABRI, because it will become a boomerang for the nation if we take a wrong step during this period.

According to him, the ABRI and other relevant agencies maintain a high degree of vigilance to ensure that the consequences of the globalization and information era will not undermine national life. He cited as an example glasnost and perestroika adopted by the Soviet Union

under Gorbachev, which in fact destroyed the country because they had no effective deterrent.

He said irresponsible persons have tried to manipulate the openness policy at home by influencing such national pillars as the ABRI, workers, farmers, and intellectuals.

They usually try to influence the three national pillars to commit acts that may undermine the national interests. If they fail, they will instigate and destroy the pillars abroad. [sentence as published]

The ABRI spokesman pointed to the East Timor issue, which continues to be debated at the international level, although this is Indonesia's internal affair because the province is a part of Indonesia.

Syarwan Hamid called on the Indonesian press to proportionally report issues pertaining to the national interests. The Western press often undermines Indonesia in the international arena.

Military Seizes Homemade Firearms in Sumatera

BK1309140894 Jakarta SUARA PEMBARUAN in Indonesian 29 Aug 94 p 19

[Text] Palembang, 29 Aug—The Garuda Dempo (GAPO) Military Sub-Area Command 044 has seized 109 homemade firearms as well as explosives from several districts in South Sumatera Province. Some of the firearms were seized from irresponsible forest rangers monitoring illegal logging activities along the east coast of West Sumatera. Two of them resembled models used by the ABRI [Armed Forces of the Republic of Indonesia].

Infantry Colonel M. Syafiudin, commander of the military sub-area command, told reporters in Palembang on Saturday, 27 August, that seizures of firearms under the Traditional Firearms—Sentra—Operation had been resumed following an escalation in the armed theft of logs in the district.

According to Syafiudin, the Sentra Operation is a routine annual activity. This year, however, the operation was intensified to make it more effective following the recent spate of armed robberies. Sentra Operation 1994 was launched in June and 109 firearms were seized over the two months. About 1,300 muzzle-loading guns were seized during last year's operation, including some big handguns.

Syafiudin said that the seized homemade firearms included 105 long and four short types of muzzle-loading guns. Two of them resembled models used by the ABRI. All of the seized firearms and weapons were old-fashioned models or models that had escaped previous crime-sweep operations.

Thirty-five firearms were seized from Musi Banyuasin District, 31 from Ogan Komering Ulu, 25 from Lahat District, six from Musi Rawas, four from Muara Enim, and four from Ogan Komering Ilir. The special team

conducting the crime-sweep operation managed to seize four other firearms elsewhere. The teams dispatched to Bangka and Belitung Districts have not yet submitted reports on their seizures.

Some of the 109 firearms seized by the GAPO Military Sub-Area Command came from forest rangers in the southeastern and northern parts of South Sumatera. Illegal logging activities are currently rampant in Musi Banyuasin and Ogan Komering Ilir Districts.

According to Syafiudin, the Sentra Operation will be carried out continuously in accordance with the directive issued by the Sriwijaya Military Area Commander II. It is believed that people still have thousands of weapons that have not been discovered by the personnel involved in the operation.

The commander of the military sub-area is calling on people with weapons to surrender them to the nearest military command. "Popular awareness of the illegality of withholding weapons will help make the operation to clean-sweep homemade firearms more successful," he said.

Philippines

Article Views Ramos' Arms 'Shopping' in Europe

BK1409091594 Manila THE SUNDAY CHRONICLE in English 11 Sep 94 pp 1, 6

[Article by Manny Mogato: "Window-Shopping for Arms"]

[Text] As President Ramos conducts his nine-day, five-nation western European tour, enticing investors and exploring trade opportunities with the world's strongest market will not be the only thing on his mind.

Mr. Ramos will also be window-shopping for defense and military equipment from some of the world's largest and best weapons suppliers since one of the president's stated goals is to rebuild the Philippine military, one of the weakest in the Southeast Asian region.

Heavily dependent on American military's security umbrella for almost a hundred years, the Armed Forces of the Philippines (AFP) has had a difficult time developing a credible external defense force. In the past several decades it was more involved in combating internal security threats from communist insurgents, Muslim secessionists and renegade military officers. However, what the AFP got from the Americans during four decades of "special relationship" were secondhand, overrated equipment such as World War II-vintage ships, Vietnam war vintage aircraft and helicopters, and mothballed trucks, jeeps and armored vehicles.

Efforts by the AFP to modernize its weapons systems were blocked by the Americans. The Pentagon turned down an AFP request to purchase Stinger surface-to-air missiles, rejected a plan to acquire F-16 "Falcon"

fighters, and even attempted to block a contract between the Philippine Army and the London-based GKN Ltd. to co-produce some 100 units of "Simba" armored vehicles.

In a way, Mr. Ramos' arms window-shopping in Europe will show that the AFP is slowly breaking away from its dependence on American defense equipment and supplies. Lieutenant General Alfredo Filler, AFP vice chief of staff, says it makes sense to turn to Europe as an alternative: "In fact, everything we need can be supplied by Western Europe, whose countries produce some of the best defense equipment."

Clear proof of the efforts to multi-lateralize sourcing of defense and military-related equipment is the wide-ranging defense cooperation agreement with France which will be signed in Paris.

As part of the agreement's weapons transfer components, some representatives of several French defense manufacturing firms have, in fact, started negotiating with Filipino defense and military officials for the sale of a squadron of Mirage F1C fighter aircraft and guided-missile training gunboats.

There are about nine other offers from French defense industries, involving trainer jets, helicopters, anti-aircraft, anti-tank and anti-sea skimming missile systems, 105mm howitzer modernization kits, mine hunters/sweepers, frigates, corvettes and patrol boats.

Apart from France, all the other four countries which Mr. Ramos is visiting have strong defense-based industries with numerous proposals to supply the Philippine military with various equipment and weapon systems, from aircraft to ships, from artillery to missile systems, and military technology.

Italy, which has supplied the AFP with S-211 basic jet trainers and SF260 turbo prop aircraft trainers, has made six new offers for fighters, training aircraft, simulators, fast-attack gunboats and fire control system to upgrade fighting capabilities of existing naval vessels.

Augusta S.P.A., which entered into a counter-trade and technology transfer agreement with the Philippine government in 1988, has already delivered at least 18 S-211 jets. It is in the process of completing delivery of six additional S-211 and a squadron of SF-260TP aircraft.

Another huge arms supplier, Germany, has made eight proposals, including offers to upgrade naval shipyard and maintenance facilities, rehabilitate a coastal patrol ship, install a modern naval communications system for land and ship-shore application as well as supply ammunition.

Late last year, German authorities invited several Philippine Navy officials to evaluate patrol boats. These ships, made by the former East Germany using Soviet technology, are being sold at give-away prices. In fact, the Indonesian Navy had already acquired at least 39 of

these former East German patrol boats under "friendly" arrangements, although the Indons are reportedly having trouble with them.

Spain's offer involves a Casa C-101 and CN-235 aircraft for the Air Force, a Cormoran-class missile patrol crafts for the Navy, and a SB-40mm automatic grenade launcher.

Even tiny Belgium is offering a logistics support vessel to the Navy and a Mirage V aircraft to the Air Force.

Filipino soldiers are not altogether unfamiliar with Belgian-made weapons systems. Some of the machineguns mounted on the Philippine Army's Scorpion light tanks are from Belgium. Four 5.56mm semi-automatic weapons used by the Army were donations by a Belgian company.

More than the arms transfer, the Philippine military wants to avail of specialized and advanced military training and educational courses offered by defense and war colleges as well as command and general staff colleges in western Europe.

Senior armed forces officials hope the agreement with France can be replicated with other European countries such as Italy, Spain and Germany.

Efforts to source defense and military equipment from countries other than the United States have resulted in military officers being sent to countries like Russia, China, South Africa, Israel and Australia over the past two years.

The Russians are offering MiG-29 "Fulcrum" fighters (which the Malaysians have already ordered), mine sweepers, patrol boats, and even diesel-powered submarines. China's offer includes logistics support vessels (LSVs) and missile systems.

Israel's and South Africa's proposals involve fighter aircraft, the Kfir and Cheetah, respectively. Both fighter aircraft, however, are based on French Mirage aircraft.

Australia has offered to supply a Fast Attack CraftGun (FAC-G) under a joint venture and technology transfer agreement.

While most of these offers remain beyond the reach of the cash-strapped AFP, they continue to remain under technical review and evaluation.

The defense establishment is not expected to decide on which equipment to buy until the enactment of the 15-year P[Philippine pesos] 375-billion Armed Forces of the Philippines modernization bill which was approved by the House but is still undergoing scrutiny in the Senate.

Columnist Views Defense 'Arrangement' With France

BK1409151994 Manila THE SUNDAY CHRONICLE in English 11 Sep 94 p 7

[From the "Focus" column by Frank Gorospe Longid Jr.: "Linking Arms With France"]

[Excerpt] To Filipinos, the first thing that comes to mind when the words "treaty" and "defense agreement" are said is the United States.

The RP [Republic of the Philippines]-U.S. Mutual Defense Treaty [MDT] is after all the first and only treaty that the Philippines has had with a major world power. (Britain was a member of the now defunct Southeast Asian Treaty Association). The treaty was also used as justification for the presence of American bases on Philippine soil, although it did come after the Mutual Bases Agreement.

With the U.S. bases gone—although the MDT still stands and annual military exercises between Philippine and American troops continue—Manila has increased its efforts to establish links with other states, links which were unthinkable during the presence of heightened American presence in the country.

Recently, Manila signed a memorandum of understanding (MOU) on defense and logistics cooperation with Seoul. A similar MOU with Kuala Lumpur is expected to be signed in the next few months. Despite strained relations earlier this year, Manila and Jakarta continue to strengthen the RP-Indonesia joint-border agreement. A military training agreement with Singapore was signed last year, and an MOU for the regular conduct of naval exercises with the Australian navy is in the offing. Manila has also offered military training to Vietnam.

Now, another country has been added to the list: France.

Defense Secretary Renato de Villa says France is "one of the major countries in Europe which has indicated an interest towards the Philippines and in developing a relationship with the Philippines in the field of defense cooperation."

Philippine and French officials have, over the past few months drafted an arrangement "related to cooperation in the field of defense." The arrangement was initially proposed by Paris. It is expected the accord will be signed during the president's visit to France since the document has already been initialed 24 August, a senior military officer told the Sunday Chronicle.

De Villa confirms that Paris has sent a five-man team led by Col. Jean Pierre Chabriel and Francois Laumonier to help finalize the agreement.

If the agreement isn't signed during the president's visit, De Villa may have to extend his stay in France specifically for the purpose of signing the document. Or he may return to Paris in either October or November this year. The would-be signatories to the agreement are De Villa and his French counterpart, Minister of Defense Francois Leotard.

Barring hitches, it will be the first time Manila will enter into a formal defense agreement with a European

country. (An informal arrangement for the exchange of students exists with Britain.)

Although France is far removed from the region, defense officials point out that the French defense industry makes some of the best weapons in the market. Pictures of Aerospatiale's famous Exocet are guaranteed to make any Filipino military officer drool. The guided missile ranks high on the DND's [Department of National Defense] "wish list" although it is yet unaffordable.

It is hoped that a formal defense agreement will make problems of affordability easier to overcome. The initialed agreement provides for "cooperation in the field of defense equipment." This will include "common research and development, production or modernization of defense systems and equipment;" transfer of technology; exchange of information on "defense industry-related matters," and the "mutual examination of export possibilities of defense systems and equipment produced in the framework of common research and development production and/or modernization programs."

The arrangement also provides for the regular exchange of students and instructors (the AFP [Armed Forces of the Philippines] is recognized to have several experts who have "field-tested" guerrilla warfare tactics), regular visits by defense officials, and even the possibility of joint military exercises, although it is unlikely either party will take advantage of this last option in the foreseeable future.

Defense officials involved in the DND's procurement system say the existence of a formal defense cooperation arrangement with France would at the very least "facilitate" bargaining for better prices. At best, it could involve the voluntary lowering of prices on the part of the French government, or even military aid.

The possibility of large-scale French aid, however, seems unlikely, at least in the near future. The French economy is still reeling from its worst recession since the Second World War although its economy expected to pickup this year.

What defense officials are hoping for is the type of assistance South Korea extended to the Philippines by selling to the Philippine Navy 12 interception boats capable of speeds up to 35 knots at a token price of U.S.\$100 each.

Military officers are growing increasingly optimistic about this possibility, and the forging of an arrangement will further boost their hopes. France already regularly trains local policemen on methods and tactics of combating the illicit narcotics trade, often at little or no expense to the Philippine Government.

SUNDAY CHRONICLE sources say that among the possibilities discussed by Philippine officials with Chabriel and Laumonier were:

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- The “transfer” (either by sale or donation) of French aircraft. D’Assault Aviation has proposed the “transfer” of Mirage F1 fighter aircraft to the AFP.
- The transfer of French patrol boats to the Philippine Navy, as well as the possibility of joint manufacture of the boats in the Cavite shipyard.
- The transfer of French artillery equipment to the Philippine Army.

While the sources say it is unlikely the French would “give away” big-ticket items such as fighter aircraft, they believe the agreement will make sizeable discounts more likely. [passage omitted]

Military Chief Confident of Naval Capability

BK1409133594 Manila PHILIPPINE DAILY INQUIRER in English 11 Sep 94 p 8

[Text] Lingayen, Pangasinan—Gen. Arturo Enrile, Armed Forces chief of staff, declared on Friday that the Philippine Navy is now capable of defending the country’s territorial waters with the renovation of old ships and improved skills of its men. Speaking during the biggest amphibious war exercises in the country’s naval history, Enrile said the Navy’s modernization program can now push through even without sophisticated warships due to fiscal constraints. He cited the dedication and discipline of the Navy officers and men, their competence and improved training as “indications” of how prepared the Navy is to fulfill its mission towards Philippines 2000.

“Two years ago, I doubted if we can conduct this type of exercise. Now I know we can. This is the biggest naval exercise that I’ve witnessed in my 32 years in the military service,” Enrile said.

Defense Official: NPA Still Security Threat

BK1509105394 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 15 Sep 94

[Text] The New People’s Army [NPA] remains a threat to the country’s security. This was disclosed by acting defense chief Feliciano Gacis during a hearing conducted by the Senate Committee on Finance. Gacis said that although the number of NPA members has dropped, the likelihood of its increase is still possible if the economy does not improve. He said the NPA may use the economic issue to strengthen its organization.

During the hearing, Gacis urged Congress to approve the proposed budget of the Department of National Defense [DND] amounting to 26 million pesos [as heard] for 1995. He said the DND will focus on its modernization program to thwart the insurgency problem.

Three Defense Procurements Progressing Steadily

BK1409073794 Quezon City Radio Filipinas in English 0230 GMT 14 Sep 94

[Text] Defense Secretary Renato De Villa said the three ongoing modernization projects of the Armed Forces are

progressing steadily. De Villa said these include the acquisition of 150 United Kingdom-made ‘Simba’ armored vehicles and 22 Italian trainer jets. He said except for one of the three major projects the five agreements to the contract is on schedule. The procurement of the ‘Simba’ vehicles and F-211 Augusta aircraft has been criticized by some politicians who claimed that such projects were costly.

Thailand

King Given Clean Bill of Health After Operation

BK1509042594 Bangkok BANGKOK POST in English 15 Sep 94 p 3

[Text] His Majesty the King is in good health after having stitches removed by a team of royal physicians at Chitlada Palace yesterday evening, the Bureau of the Royal Household said last night. His Majesty underwent an operation to remove two cysts from his back last Tuesday.

Suphachai Confident of AFTA Implementation

BK1509091994 Bangkok THE SUNDAY POST in English 15 Sep 94 pp 17, 19

[Text] Deputy Prime Minister Suphachai Phanitchaphak expressed confidence yesterday that ASEAN’s economic ministers will next week agree to achieve free trade within the group in 10 years instead of 15.

But he indicated that Thailand’s desire to see agriculture brought into the ASEAN Free Trade Area (AFTA) programme, and to see petrochemicals liberalised faster than is now envisaged, could face a rough time when the economic ministers hold their annual meeting in Chiang Mai next week.

And he revealed continuing differences within the Thai Cabinet about this country’s approach to AFTA, particularly on such issues as how petrochemicals should be treated. Dr Suphachai said his desire to see petrochemicals liberalised fast was held in check by the more cautious approach of the Finance and Industry ministries.

Dr Suphachai’s comments were made at a press briefing on the series of ministerial meetings in Chiang Mai that begins this week with consultations among the six countries along the Mekong River—Thailand, Laos, Burma, China, Cambodia and Vietnam.

Next week he heads the Thai delegation for the annual ASEAN economic ministers’ meeting and the ministers’ consultations with Japanese and Vietnamese counterparts.

The major item on the ASEAN ministers’ agenda is likely to be the AFTA programme which took effect at the beginning of last year. Customs tariffs on all goods traded within ASEAN except “unprocessed” agricultural

products are now due to fall gradually to 0-5 percent by 2008, with some "fast-track" items liberalised sooner.

ASEAN's economic ministers have already agreed to speed up the programme but have not decided on a new completion date. Dr Suphachai's prediction that a 10-year timetable will be agreed next week would bring the target for 0-5 percent duties to January 1 2003.

At present, 14 "fast-track" sectors are targeted for liberalisation within seven to 10 years depending on whether their initial tariff rates are above or below 20 percent. They are: electronics, furniture, vegetable oils, leather products, fertilisers, pharmaceuticals, pulp, jewellery, ceramics and glass products, cement, chemicals plastic products, rubber products and textiles.

Dr Suphachai said Thailand would like to see tariffs on these cut to 0-5 percent in five years, making the target date January 1, 1998. He predicted that next week's meeting could agree on five to seven years, meaning January 1, 1998 to January 1, 2000.

He indicated he was pessimistic about the prospects of bringing a significant proportion of unprocessed agricultural products into AFTA, noting that senior officials from the six countries were proposing to keep about 1,000 products out of AFTA altogether.

Petrochemicals, originally on the fast track, are now listed as exclusions from the AFTA programme mainly because Thailand, Indonesia and Malaysia want to protect their young industries from cheaper products from Singapore.

Dr Suphachai said Thailand was proposing putting the entire sector into the normal track, provided other countries did the same. He predicted that the outcome might be a decision by Thailand to exclude only selected products such as PVC if other countries refused to put those products on the normal track.

Technically, products on the AFTA "exclusion lists" are still in the programme. The agreements setting up the AFTA programme say the exclusions will end after five years. Although some room is left for extending the exclusion period, most ministers and officials—including Dr Suphachai—believe there will be no extension.

He argued yesterday that there was little difference in practice between leaving petrochemicals on the exclusion list and putting them on the normal track. The five-year exclusion period only has three more years to run and after that petrochemicals will have to go on the normal tariff-cutting programme anyway, he said.

Dr Suphachai said he was in favour of Thailand putting all petrochemicals on the normal track and starting to cut duties under AFTA immediately. Thai plastics manufacturers and other "downstream" industries that used petrochemicals as a raw material were highly competitive in export markets and employed more people

because they were labour intensive. He argued that lower duties on petrochemicals would allow these plastics industries to become even more competitive.

But he said he was outvoted by Finance Minister Tharin Nimmanhemin and Industry Minister Sanan Khachonprasat who argued that a period of protection was needed for selected "upstream" petrochemicals industries (those that produce more basic and less processed materials) in order to attract the investment currently planned.

Dr Suphachai was asked why Thailand needed other ASEAN countries to reciprocate before cutting its own tariffs, since the lower tariffs would increase the competitiveness of downstream industries.

He replied that Thailand wanted other countries such as Malaysia to open their upstream petrochemicals markets because the Thai industry was in a position to export to these markets. Dr Suphachai also complained that Malaysia's policy was virtually an import ban since it only allowed purchases from abroad under import licences. He said this ran counter to the new Uruguay Round trade agreements that are due to take effect early next year.

ASEAN ministers are expected to discuss expanding AFTA to include services such as banking, transport and telecommunications. Dr Suphachai said they would explore the possibility of setting common standards and procedures for enforcing intellectual property such as copyright, trade marks and patents.

He said the original proposal came from the Philippines which said it was losing earnings because its musicians tapes and discs were being copied. Thailand supported the move because Thai tapes were also being pirated in ASEAN, he said.

One of the arguments in favour of a common ASEAN policy on intellectual property was the assessment that ASEAN countries had been forced by pressure from Washington to observe American intellectual property rights, but had continued to ignore the pirating of one another's creations, Dr Suphachai said.

He said he would also propose that officials from ASEAN, Australia and New Zealand start discussing the possibility of creating links between AFTA and the Australia-New Zealand counterpart the Closer Economic Relationship [CER].

So far, his repeated support for AFTA-CER ties has been received coolly by other ASEAN countries such as Malaysia.

Yesterday, he suggested that objections might be overcome by starting with cooperation in non-controversial sectors such as tourism and aviation, within smaller geographic areas such as southern Indonesia, Bali, and northern Australia. He said the various growth triangles, quadrangles and hexagons being set up in Southeast Asia could serve as the model.

Other subjects likely to be discussed next week include a new report by the group of "eminent persons" set up by members of the Asia Pacific Economic Cooperation (APEC) group. The report recommends that between 2000 and 2020, APEC countries should try to create free trade within the region. It will be presented formally to APEC's annual ministerial meeting in Jakarta in November.

Dr Suphachai said ASEAN economic ministers were likely to find the latest report more acceptable than earlier versions since the proposed timetable allowed AFTA to be completed well ahead of APEC liberalisation, and because the report proposed liberalisation be done voluntarily by APEC members.

He said next week's meeting would be the first time ASEAN economic ministers had studied an APEC proposal well ahead of the annual APEC meetings. Despite the economic content of APEC affairs, previously ASEAN only assigned its foreign ministers to study proposals, meaning that ASEAN did not think through the various proposals adequately from an economic point of view.

Also on the agenda is a proposal for further strengthening of the ASEAN secretariat. Dr Suphachai said this proposal would mean that ASEAN was unlikely to accept the suggestion from a Thai committee headed by Finance Minister Tarrin Nimmanhemmin that a separate secretariat be set up to handle AFTA.

Dr Suphachai said Thailand would also propose that ASEAN economic minister start to coordinate other aspects of economic policy, drawing away from the concentration on trade and the "very micro" projects such as ASEAN joint venture. He envisaged greater coordination in such areas as industrial policy.

Article Examines Status of Labor Movement

BK1209100994 Bangkok *THE SUNDAY POST* in English 11 Sep 94 p 18

[Article by Suwicha Phuuri: "Labour: Society's underdog—or a powderkeg?"]

[Text] After three years of stagnation, labour rights and freedoms taken away by the National Peace-keeping Council [NPKC] in 1991 seem likely to be restored. But for workers, particularly those in state enterprise, the wait is still long, as it will be April 1995 before the Labour Bill draft is scheduled to appear before the Lower House. The draft is similar to the more popular 1975 Labour Act as it will restore the right of freedom of assembly, taken away by the dictatorial NPKC.

It will replace the 1991 Labour Relations Act and State Enterprise Labour Act which contain some of the most restrictive and controversial clauses in the history of Thai labour laws.

The NPKC provisions succeeded in lessening employees' negotiating powers with private and state employers, particularly as it prohibited state enterprise workers from setting up unions and refused state workers the right to strike.

Professor Nikhom Chanthrawithun, an academic and expert in labour relations, believes the NPKC saw state enterprise workers as crucial in the labour movement, particularly their strong potential in persuading employers, government and the public to respect the labour process.

The State Enterprise Relations Act, by forbidding state unions and instead permitting the formation of more restrictive associations, enabled the NPKC to succeed significantly in curtailing the national labour movement.

"There has been no movement by state enterprise labour since the advent of the 1991 acts," said the professor.

Moreover, since 1991, state enterprise labour associations have been prohibited from affiliating with any private unions and forming any activities outside their place of work.

"These acts do not respect the rights and the freedom of the people to create organisations to protect their benefits," Nikhom said.

The provisions on negotiation leave the option open for state administrators to decide whether or not to enter discussion with their employees: "Thus it is easy for the administrators to ignore labour's requirements," he said.

While the 1975 Labour Act applied until 1991, administrators in each state enterprise regularly met labour leaders. Some state enterprise administrators even had weekly lunch or dinner appointments with union leaders.

"Union leaders needed only to call directly to the administration office and ask for a appointment, then they could meet."

Nowadays, in many state enterprise offices, the administrators require a formal letter in advance before granting an appointment.

"In the past two years in some state enterprises, labour and administrators have never even met or talked to one another." The professor said some administrators acted as if they were bureaucrats, referring to their attitude of superiority.

The president of the State Railway Employees' Association, Somsak Kosaisuk agrees with Nikhom that the NPKC is trying to separate workers in private and state enterprises and limit their roles by eroding labour rights and freedoms.

"Nowadays state employees are not able to demand that administrators negotiate with them. They are able only to hold meetings which in some state enterprises seldom occurred," Somsak said. He warned that if labour was

forced to stay silent it might instead explode: "If fair negotiation methods were allowed then strikes would not occur."

The mysterious disappearance of enigmatic Thanong Pho-an, former president of the Labour Congress of Thailand, in February 1991, has also contributed to the lack of strong leadership in private unions. Since his disappearance after the 1991 coup by the NPKC, unity among private unions has deteriorated. The banning of state unions has also caused private unions to lose significant support to negotiate with their employers.

"Private employees lack the machinery—which is support from state enterprise labour—to espouse the movement that is growing weaker," Professor Nikhom said.

Before 1991 about 500,000 people were members of unions. This dropped to a mere 200,000 because of the prohibition of state unions.

"If labour remains weak because of its low representation in unions, it will remain the underdog of society for all time," Nikhom said.

About 80 per cent of private employees are estimated not to have completed primary school (up to Po [grade] 6) and thus often need consultants to help them negotiate benefits with employers.

"Now consultants for private employee organisations must get prior permission from the Government or they will be working illegally," Nikhom said.

Before 1991, state unions would often act as consultants for private employee unions.

"They were energetic and well-educated people who could assist private employees in their negotiations until recently when formal relations between them were terminated by the Labour Acts," Somsak said.

The right to strike is a basic essential component of the labour relations process," Nikhom noted.

Strikes for state employees have not been permitted since the 1975 Act was passed. Instead, workers were allowed to set meetings at certain times. These would begin during working hours and, like a strike, could continue until negotiations were concluded. But under the 1991 acts extraordinary meetings and strikes were expressly prohibited for state enterprise.

"We are now only able to meet out of working hours, which is their ploy to prevent strikes," Somsak said.

The private sector was permitted to strike under the 1975 Act, but in 1991 the condition was imposed that a strike could only occur when over half of their members had voted in its favour.

This vote has to be accomplished in one union meeting with all members present. Somsak believes this is virtually impossible: "Some work places have three working

shifts. Therefore, all members could not be asked to attend the meeting at the same time."

The NPKC also imposed a prerequisite that at least 30 per cent of workers in the state enterprise must express their wish for an association before it could be registered.

Somsak explained this made an association extremely difficult to form.

"The Forest Industry Organisation formed a labour association only last month as its few employees were scattered over different regions of the country. Of Thailand's 65 state enterprises, only 41 have labour associations," he said.

Suwit Hathong, president of the Labour Congress of Thailand, said that since the advent of the 1991 laws private workers' power to negotiate has been severely obstructed "especially without the encouragement from employees in state enterprises". He believes employees have been left totally unprotected.

"If the employers get the gist of attempts to set up unions in their companies or factories, they will sack the groups they suspect," Suwit said.

The Labour Congress had in the past taken employers to court to push for workers rights, but such cases stopped after 1991 as the new laws allowed broad interpretation of employers' rights to dismiss workers. Under the 1991 conditions, loss of trust in an employee or low profit were enough reason to fire workers without need of proof.

Suwit believes these laws must be annulled.

"The right to set up a union is a method to protect the welfare of the lower income people who do not own the means of production," he said.

He said foreign investment in Thailand had caused much suffering for workers, even when it was supported by the Board of Investment.

"There have been cases where foreign investors rent land to operate factories until their business drops, then they simply leave the country without compensating their employees. In some areas employees were not even paid their salaries, like those in Lat Krabang," said Suwit, referring to a large industrial suburb east of Bangkok.

He believes that when the impetus to change labour laws comes from bureaucrats then the changes will not benefit employees, rather they will favour officials who want easy control of the labour movement.

The draft bill will lower the state enterprise association prerequisite to a membership of 25 per cent.

"The act of 1975 was better because it required that only 15 percent were needed to organise the union," Nikhom said.

He is confident the draft will be approved by Parliament because of pressure from the International Labour Organisation, Asian-American Free Labour Institute, the United States government and labour organisations.

The US has threatened to withdraw the Generalised System of Preferences—trade privileges—from Thai imports if Thailand fails to amend the 1991 laws.

Nikhom is sure that Commerce Minister Uthai Phimchaichon and Labour and Social Welfare Minister Phai-thun Kaeothong understood the situation and would support the changes.

Still the new draft does not mention the right to strike for state employees. It does give an escape route by allowing them to hold extraordinary meetings, with the addition of provision that the date of the first meeting be set by the administrator.

Somsak does not think this clause will cause any problems, rather that it is fair and democratic for both sides and will strengthen negotiations.

While the draft promises to be more liberal, the negotiation process will still be tripartite and thus highly dependent on the Government's opinion.

The tripartite committee comprises equal numbers of representatives of government, employers and employees.

"As it is certain that employees and employers will take opposite stands, the Government will always have the final decision," said Somsak. If the Government was "capitalist" then labour would surely lose.

Not everyone agrees with the draft. Professor Kroekkiat Phiphatsritham, rector of the University of the Thai Chamber of Commerce, while noting that the Government would be certain to gain votes from labour if it favoured the draft, felt it would injure the country's economy if labour used the right to negotiate without proper justification.

He believes the return of state enterprise unions will obstruct state work and national development. His reasoning is that although not permitted by this particular draft, state workers will still try to strike.

"The most significant public utilities like electricity, tap water and communications are controlled by state enterprises. If state enterprise workers are able to strike it will not only be detrimental to employers but also the public and national economics," the rector said.

"Labour's rights and benefits should be protected," the rector said, but he believes the Government should explore other ways to achieve this. He warned that state enterprise unions, if legalised, could become political instruments of certain groups which could destabilise the Government.

"Consider the past two years. If the unions had existed and there were strikes by state enterprise workers then this Government would not be stable today," Kroekkiat said.

The new draft, while promising a more liberal view of labour, still does not give state employees the right to strike, but it will offer them more leeway in negotiating their conditions.

As long as the present Government remains in power, passage of the bill is assured because it was in part proposed by the Government and based on a promise it made to workers.

Article: Thais Lack Understanding of Region

BK1309020794 Bangkok SUNDAY NATION in English
11 Sep 94 p A4

[Article by Khlomchit Chantharapanya: "Relations Stifled by Lack of Understanding"]

[Text] When a prominent research institute invited applicants to study the Indochinese countries, only three applications were received "and they all wanted to do fieldwork and for not more than a month," the exasperated head of the institute said. The case epitomizes not only the lack of interest in serious research work about Thailand's neighbouring countries but an ongoing lack of understanding by Thais in general.

"We have failed to understand our neighbours. We have not been able to change our attitude of mistrust and build a cooperative spirit," said Sumit Phithiphat, director of Thammasat University's Thai Khadi Institute.

"Thais are not known for being visionary. We deal with problems when they arise," Bunrak Bunyaketmala, the programme director at Thailand Research Fund, said with a grin.

"In Thailand nobody asks anything very profound about our neighbours. Usually people just ask about problems as they come along. For example, how are the Khmer Rouge doing now or how are Thai-Lao relations after the opening of the Friendship Bridge? So maybe academia are not forced to study anything intensively or to try very hard," said Withaya Sucharithanaruk, Chulalongkorn's director of the Institute of Asian Studies.

Many lecturers agree that Thai society has not been interested in its neighbours for a long time. Some attribute this to the effects of mistrust from historical events while others say Thais have grown to believe their country is superior to its less prosperous neighbours. Withaya gave the example of Thailand's relationship with Laos, to whom Thais claim to be as close as "brothers", but where a set of complicated problems exists.

"It is because we never had the chance to get involved nearly long enough. There are many things which we still

misunderstand about Laos. We even have misapprehensions about their language which we think is the same as ours, but this is not true," Withaya noted.

The infamous case of the Thai media using the phrase THAI-LAOS, BAN PHIMUANG NONG brought the issue into focus. While PHI-NONG in Thai means brothers, in Laos NONG carries the meaning of dependency on PHI.

Sumit said Thais have an attitude problem.

"We've become like a big power in this region. We know that for example, Laos needs our help but we make it difficult for them to turn to us, thus pushing them towards Vietnam. That's not right," he said.

Another factor believed to be causing the rift between Thailand and its neighbours is the image of the flagship of business "deflowering" them. Sumit said it creates a bad impression and Thais may be seen as mere looters, especially in businesses that exploit natural resources, such as logging and power generation.

Sisakra cited an example closer to home to demonstrate how understanding the life and culture of our neighbours is important in dealing with them.

"Pak Mun became an issue because they (the government) did not understand the villagers. They thought they were farmers when they were actually freshwater fishermen. They did not know the lifestyle, the community and the beliefs of these people which are not born over night. All they did was throw money at them and think that would solve the problem."

Sisakra Walliphotama, a prominent anthropologist from Sinlapakon University, echoed the importance of developing a thorough and profound understanding of the social changes going on in neighbouring countries, without which Thais cannot respond appropriately in communicating with them.

"Economics by itself is not enough. How can you trade with them if you don't understand their cultures? There must be an inter-disciplinary approach," Sisakra said.

Availability of information is not lacking. However, much of it is in the hands of state agencies such as the Ministries of Commerce, Defence, the Interior, Foreign Affairs, Health, and Education, the Board of Investment, the National Economic and Social Development Board and even the National Bank. Much of this is based on intelligence reports and is not released to the public.

And since the slogan of turning "War Zone into Trade Zone" in the late 1990s [as published], big companies such as CP, Chinnawat Group, and Samat Telecom have also made a big effort to gather information about our neighbours. Yet, the private sector's business data is restricted for in-house use only. The media's focus tends to deal more with people and lifestyles, although many academics agreed that it is becoming increasingly diverse.

The hope for alternative and deeper sources of information lies in academic studies at the country's higher education institutions. But such work has been criticized by academics in other disciplines as only scratching the surface.

The most common complaint is that the academics concerned are not producing sufficiently profound analysis and are failing to utilise an interdisciplinary approach.

Another problem cited is that the knowledge and history of neighbouring countries are derived from Western thinking. The shelves of Thailand's most prestigious university bookstores bear testimony to this. Almost all books on foreign relations have been translated from English texts. There is almost nothing of local origin.

Bunrak Bunyaketmala, the programme director at Thailand Research Fund, blame the situation on a lack of indigenous scholars who are able to incorporate Thai perspectives into the pool of information or Indochina, Burma and other nearby countries.

"What we're doing is just interpreting and selecting information. There is no original Thai research. It is just an extension of Western thinking," he said.

Many attribute this void in local scholarship to a lack of funding, a lack of time, a lack of incentive and most of all lack of interest. One reason the subject is not attractive to researchers is the lack of government support, according to Surachai Sirikrai, director of the Institute of East Asian Studies at Thammasat University.

He said that during the Cold War the government was not interested in what academics had to say and relied very much on its own sources. As a result of the Cold War they were only interested in traditional security issues but now economics, social and cultural issues have become equally important. But he sees the shortage of researchers as an even greater problem than the lack of funding. The reason, he believes, is quite simple: students don't care about this field of study because they see no future in it.

"The new generation think there are better job opportunities for them if they study business administration or economics. It's the brain drain all over again," Surachai said.

Furthermore, university bureaucracy has affected lecturers' chances of travelling and gathering information. Those who are interested and have the potential to conduct studies are mostly caught up with performing administrative duties.

Sisakra, who is undertaking research on Lao culture, commented that universities do not generate enough studies because they are dragged down by rigid bureaucratic rules. "I wonder if they would support me if I wanted to take sabbatical leave for a year to do research

in Laos. Cross-cultural studies are important. We should live along side those we study," he said.

Others interviewed said the limits on the time available, when they do have the chance to travel, limits the scope and scale of research they can pursue.

"There must be more frequent field studies. Like myself, I'm interested in Indonesia but I get the chance to go there just once in a long while. I have to rely on information from the press so I'm quite embarrassed to call myself an Indonesian expert," said Withaya Sucharithanaruk, Chulalongkon's director of the Institute of Asian Studies.

One of the problems obstructing research studies in Thailand is the lack of coordination among those who conduct them. It is a difficult task even for lecturers, who teach day in and day out, to keep up to speed with who is doing what in the latest research.

Bunrak, who is in the process of building a network and directory of Indochinese scholars, insists on the need to cooperate when there is a lack of human resources, especially among those who are really interested in the field.

Bunrak pointed out that learning about Thailand's neighbours is a process that involves the efforts of many people and groups. In the past, there has been poor investment in research but the research itself was also poorly managed, leading to studies that were hardly groundbreaking and not relevant to the broader needs of the discipline. He called for coordination between academia, government agencies and the business sector.

They the (government) must realize that some kinds of data are very expensive for academia to acquire," he said.

In the end he believes, other institutions in society must be asked to play a bigger role. Bunrak called it creating a good environment for research.

"If the press did their job right and presented good reports it would catalyze academia to see that truly significant events are taking place and they would want to be involved. Be it by doing more studies or analyzing the situation, it will lead to the government seeing the importance of the issues involved in the region and maybe it would pump more money into the research circle.

"This would lead to a learning society," he said.

Chaiwat Khamchu, head of the department of International Relations at Chulalongkon University, stressed that if the government were really serious about promoting good relations with its neighbours it should support academics who can devote their time to exclusively independently analyzing the trends and situations in the region.

"We need to systematically train our own people, we can't rely on foreign experts. Our interests would not be served by them," he said.

Vietnam

Visit by U.S. State Department Official Noted

*BK1509110694 Hanoi Voice of Vietnam in English
1000 GMT 15 Sep 94*

[Text] An under assistant to the U.S. secretary of state in charge of East Asia and Pacific issues [title as heard], Mr. Peter Tomsen, arrived in Hanoi on Wednesday to evaluate the process of searching for American servicemen missing in action. This visit is also to lay a foundation for the establishment of the first U.S. diplomatic liaison office in Vietnam since the end of the war. Mr. Tomsen will meet Deputy Defense Minister Nguyen Thoi Bung and Deputy Foreign Minister Le Mai. At present, 11 American diplomats are now working in Hanoi and at the MIA office.

Earlier, during his visit to Cambodia, Mr. Tomsen said that the United States would grant \$130 million to Cambodia for 1994 and 1995. Before his departure from Phnom Penh for Vietnam, he said that his country would support the Cambodian Government in building democracy and economy, improve security, and trace American servicemen missing in action from the Vietnam War.

Reportage on Visit by UK Foreign Secretary

Hurd Arrives 14 Sep

*BK1509053694 Hanoi VNA in English 1437 GMT
14 Sep 94*

[Text] Hanoi VNA Sept. 14—British Foreign Minister Mr. Douglas Hurd arrived here this afternoon beginning his official visit to Vietnam.

He was welcomed at the government's guest house by Foreign Minister Nguyen Manh Cam, Deputy Foreign Minister Nguyen Dinh Bin, Deputy Minister for Labour, War Invalids and Social Affairs Nguyen Thi Hang.

This evening, Foreign Minister Nguyen Manh Cam gave a banquet in honour of Minister Douglas Hurd and his wife.

In this connection, the Army paper QUAN DOI NHAN DAN runs an article reviewing the Vietnam-UK relations in the past 20 years, saying: "Over the past more than 20 years, the British Government and people have extended their precious assistance to the Vietnamese people. The British Government made many activities contributing positively to the campaign for the lifting of U.S. embargo against Vietnam and to the Paris donors' conference on Vietnam. It also granted the Vietnamese people USD 101 million as aid to their process of

renovations particularly the programme for the reintegration of those who had illegally fled the country.

"The friendship between Vietnam and Great Britain has created opportunities for their economic, cultural and social cooperation," the paper goes on. "The two countries have signed a number of economic agreements such as agreements on avoidance of double taxation, on air transportation and are preparing for the signing of an agreement on investment encouragement and protection".

Meanwhile, the paper notes, the two-way trade value increased from 13 million pounds in 1991 to 39 million pounds in 1993 and reached 70 million pounds in the first six months of this year. A number of Vietnamese products (textile items, tea, coffee, and so on) have entered the British market and more and more British companies have shown up in Vietnam. Up to now, the UK has invested about USD 400 million in 16 projects in Vietnam and financed various training programmes for Vietnam, chiefly in science and technology, economic management, finance, banking and English.

Vo Van Kiet, Do Muoi Receive Hurd

*BK1409154694 Hanoi VNA in English 1447 GMT
14 Sep 94*

[Text] Hanoi VNA Sept. 14—Prime Minister Vo Van Kiet and party General Secretary Do Muoi received here this afternoon on separate occasions British Foreign Minister Douglas Hurd who arrived here today for a visit.

Mr. Douglas Hurd conveyed the British prime minister's best regards to Prime Minister Kiet and highlighted the results of his talks with Foreign Minister Nguyen Manh Cam. He noted that the British Government attached importance to the development of friendship with Asian countries and that Vietnam is a new friend which the UK would cooperate with. In recent years, Britain has established its mutually beneficial cooperation with Vietnam in various fields, chiefly oil and gas, trade and personnel training. He said that apart from an agreement on finance which will be signed during this visit, Britain wished the two countries would soon reach an agreement on investment encouragement and protection. Britain, he promised, would do its best to speed up the signing of a framework agreement on economic and commercial cooperation between Vietnam and the European Union (EU). The British Government would continue its efforts to build its mutually beneficial cooperation with Vietnam in conformity with the benefits of each country, he stressed, adding that British business people would come here more and more and a new age of UK-Vietnam diversified and effective cooperation would be ushered in following this visit.

For his part, P.M. Vo Van Kiet welcomed the first Vietnam visit by Foreign Minister Douglas Hurd, describing it as a significant event in the relations of

friendship and cooperation between the two countries. He recalled his fine impressions during his visit to Britain in June 1993, and said that the bilateral cooperation and friendship have gained new steps of development following that visit. In addition to the mutually beneficial cooperation, the P.M. noted, the British Government has assisted Vietnam in personnel training and expressed his wish that Mr. Hurd's visit would open up a new period in the friendly and cooperative relations between Vietnam and Britain.

Mr Kiet asked the British minister to convey his best regards to the British prime minister.

At his meeting with General Secretary Do Muoi also in this afternoon, Foreign Minister Douglas Hurd expressed his joy to visit Vietnam at a time when the friendship and cooperation between the two countries are seeing fine steps of development and affirmed that the British Government would do its best to further strengthen the cooperation with Vietnam in all fields in the interest of the two peoples.

Speaking to his guest, General Secretary Do Muoi welcomed the British Foreign Minister Hurd's visit, describing it as an important event promoting the development of the relations between the two countries in conformity with the common trend and aspirations of the two peoples. He said he hoped that the friendship between the two countries be further consolidated and their cooperation be further broadened and the British Government enhance its assistance to Vietnam, especially in economic development, personnel training, encourage British entrepreneurs' investment in Vietnam.

Foreign Minister Meets Hurd

*BK1509105594 Hanoi VNA in English 0643 GMT
15 Sep 94*

[Text] Hanoi VNA Sept.15—Foreign Minister Nguyen Manh Cam held talks at the government's guest house here yesterday afternoon with British Foreign Secretary Douglas Hurd who arrived earlier the same day for a 24-hour visit focussing on commercial ties between Britain and Vietnam.

The two ministers reviewed the two countries' relationship and expressed satisfaction at the rapid and effective development of the two countries' cooperation in various fields.

They discussed measures to execute agreements reached during the June 1993 UK visit by Prime Minister Vo Van Kiet, to broaden bilateral cooperation, especially in economy, trade and investment, and to strive for an early signing of an agreement on investment promotion and protection, thus further developing the two countries' relationship commensurating to the aspirations and potentials of both countries.

Foreign Minister Nguyen Manh Cam spoke highly of the British Government's goodwill to expand cooperation with Vietnam and expressed the Vietnamese people's gratitude to the British Government for its assistance worth 50 million pounds to a number of special projects, particularly those in the fields of infrastructural construction and processing industry. He requested the British Government to create favourable conditions for more Vietnamese goods to enter the British market. He also asked the British Government to help Vietnam train personnel and to share experience in economic management, banking, finance and stock exchange, which the UK is good at and called for more investment in Vietnam by British companies.

For his part, Foreign Secretary Douglas Hurd reaffirmed the British Government's positive response to Vietnam's requests. He highly evaluated achievements recorded by the Vietnamese people in their renovation process and expressed his country's readiness to promote cooperative relations with Vietnam.

The two ministers expressed their satisfaction at the fine results of the programme for the reintegration of Vietnamese returnees implemented with financial support from the UN High Commissioner for Refugees, the European Union and the British Government.

They also exchanged views on international and regional matters of mutual concern.

The talks took place in an atmosphere of friendship and mutual understanding.

Hurd Holds News Conference in Hanoi

BK1509112794 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 15 Sep 94

[Text] In Hanoi this morning [15 September], British Foreign Secretary Douglas Hurd held a news conference on his current visit to Vietnam.

At the news conference, the British Foreign Secretary said he was elated at being the first Foreign Secretary of the United Kingdom of Great Britain and Northern Ireland to visit Vietnam.

He contended that Vietnam has changed rapidly and has recorded achievements in many fields. He hoped that Great Britain would continue to increase investment in and cooperation with Vietnam in such domains as technology, engineering, and the construction of roads, bridges, and airports. For the immediate future, Great Britain will sign an agreement to provide Vietnam with an aid package worth 50 million pounds, or about \$75 million.

Also at the news conference, the British foreign secretary, on behalf of British businessmen and the British Ambassador to Vietnam, answered many questions from local and foreign newsmen on issues related to cooperation between Great Britain and Vietnam, the Vietnamese refugees in Hong Kong, humanitarian aid and training programs for Vietnam, and other issues.

'Essay' on Economic Ties With UK

BK1509053994 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 14 Sep 94

[Unattributed essay from the "International Topics Program"]

[Text] England is considered one of the world's trading centers and is a country with a great amount of capital invested overseas. Despite having no traditional relations with Vietnam, England has established time-honored relations because of large commercial centers in Southeast Asia and the Far East such as Singapore, Hong Kong, India, Thailand, Indonesia, and China. Unlike other European countries, England has many relationships in Southeast Asia. It is also a country with tremendous capital investment in this region.

Trade relations with England have developed strongly in the recent past. In 1991 two-way trade turnover reached 12 million pounds. In 1993 it increased to 39 million. And in the first six months of 1994, it reached 70 million pounds.

With 16 projects in operation, fewer than only Hong Kong and Taiwan, England has a capital investment in Vietnam of about \$380 million, relatively large when compared with other European countries. Moreover, of the \$1.5 billion invested in Vietnam by Hong Kong, there is money which belongs to UK companies. If this percentage is added to the amount of capital invested in Vietnam by England, the UK investment figure becomes even more significant.

In the future, UK investment will concentrate on two priorities. First, investment in oil and natural gas. This field can be divided into two industries: the industry to exploit oil and natural gas and the industry to provide service to the oil and natural gas industry. UK oil and gas industrialists believe that the geographical conditions for exploiting oil and gas in Vietnam are similar to those found in England and are favorable for future exploitation and development of oil and natural gas in Vietnam. At present, there are seven UK oil and natural gas companies working in Vietnam and they are making progress in discovering oil and gas. Apart from oil and gas exploitation, England is also participating in an industry which is related to oil and gas, mainly the service industry which produces oil and gas exploitation equipment such as oil rigs, sea drilling equipment, and equipment for off-shore exploitation.

The second priority in the investment field is the food processing industry. Vietnam enjoys advantages in producing agricultural and aquacultural products. UK investment will concentrate on upgrading the quality of breeding, processing, packaging, storing, and transporting. Besides aquacultural products, coffee and sugar are products which can enter the UK market. The goal is to maintain good quality and consumer faith in supply and to avoid long-term storage for our products.

Besides economic cooperation, the UK is active in helping Vietnam overcome material shortages and technical difficulties. Since 1991, the UK has helped Vietnam train cadres in macroeconomic management, banking, finance, tax, and international relations.

During an official visit to the United Kingdom of Great Britain and Northern Ireland in early July 1993 by Prime Minister Vo Van Kiet, UK Prime Minister John Major informed that in 1993, the UK Government would provide initial technical aid of \$16 million to Vietnam, that the UK would continue to provide financial assistance to a program to reintegrate Vietnamese returnees, and that an agreement to promote and guarantee investment and an agreement to avoid double taxation would soon be signed between the two countries. The UK also helps Vietnam in other fields, including the establishment of a stock exchange market.

So far, many English economists, consultants, and technical specialists of different areas such as finance, banking, and business management have arrived in Vietnam to exchange experiences and obtain knowledge about the Vietnamese market for further cooperation and investment. For them, Vietnam is a new challenge. According to His Excellency Peter Williams, British ambassador to the SRV, the reason for the slow arrival of English businessmen in the Vietnamese market is because they are very conservative and hesitant to venture into new areas. Not like businessmen from other countries, the English must explore, examine, and study possibilities in Vietnam before they decide to partake. Generally speaking, all businessmen coming to Vietnam want to conduct serious business here. Regarding the prospects of this investment relationship, the ambassador believes that Vietnam still has many problems to solve but it has a bright future.

Border Official on Territorial Talks With PRC

OW1509004194 Tokyo NIHON KEIAI SHIMBUN in Japanese 12 Sep 94 Morning Edition p 8

[Interview with Le Minh Nghia, director of the Council of Ministers Border Department, by reporter Makoto Suzuki; place and date not given—first paragraph is NIHON KEIAI SHIMBUN introduction]

[Text] The territorial dispute between China and Vietnam remains unsettled, and the two nations are blaming each other rather badly. While the vice foreign ministers held talks in Hanoi last month, there was no remarkable achievement. Right now, the biggest pending issue between the two nations is sovereignty over the Spratly Islands and the right to develop undersea oil fields off Vietnam. NIHON KEIZAI SHIMBUN has interviewed Le Minh Nghia, director of the Vietnamese Council of Ministers Border Department, on the Vietnamese Government's position on the territorial issue.

[Suzuki] Could you describe the results of vice foreign ministerial talks with China?

[Le Minh Nghia] The two nations reviewed results of experts' negotiations on land territories and the Gulf of Tonkin (in northern Vietnam), and reconfirmed progress in the land border talks. We are screening out tangible cases of Chinese invasion of Vietnamese territories. According to our research, China is illegally invading Vietnamese territory in about 140 locations. We did not make much progress in the talks on the Gulf of Tonkin.

[Suzuki] What was the progress on the Spratly Islands issue?

[Le Minh Nghia] At the talks, both nations simply insisted on their own position, and a settlement of the issue was not really discussed. While we reconfirmed a principle to seek a consultative settlement of the problem, neither side made tangible proposals. Since this is a very complicated issue, it is impossible to settle it all at once.

[Suzuki] In waters westward of the Spratlys, U.S. oil companies are carrying on appraisal drilling according to contracts with China, and this is worsening China-Vietnam relations. What is your comment on the issue?

[Le Minh Nghia] In April, we ordered Chinese vessels to leave our territorial waters. The Vietnamese Navy gave an expulsion order to a research boat and two fishing boats which invaded our territorial waters, and the Chinese boats followed the order. No shootings or other accidents were reported, and this was the only case reported this year.

[Suzuki] Vietnam has reportedly started oil drilling in the waters...

[Le Minh Nghia] We started appraisal drilling in May. I think China has not yet done that. I must make clear that the waters are not like the Spratlys. The waters are located on Vietnam's continental shelf, and are within its 200 nautical mile zone. There is no room for negotiation on sovereignty over the zone.

Taiwan Company Builds Power Plant in HCM City

BK1409133194 Hanoi VNA in English 0630 GMT 14 Sep 94

[Text] Hanoi VNA September 14—Work started last week on a 675 mw thermal power plant in the suburban district of Nha Be in Ho Chi Minh [HCM] City by Hefu Power Company in Taiwan.

The Taiwanese company invests USD 205 million in this plant which will ensure power supply to the Tan Thuan Export Processing Zone (EPZ) and the new urban area to be built in the south of the city.

The plant, with a 60-kilometre transmission line, is expected to be completed in early 1997.

Taiwan now tops the list of foreign investors in Vietnam with capitals totalling more than USD 1.7 billion.

Among its biggest projects are the Hefu power plant and the 300-hectare Tan Thuan EPZ, the first operating EPZ in the Vietnam which can accommodate 200 enterprises. Another big project is the development of a new urban area in the southern part of Ho Chi Minh City now being jointly designed by Phu My Hung Corporation in Taiwan and S.O.M. Corporation in the United States.

Le Phuoc Tho Attends Party-Building Conference

*BK1409074194 Hanoi NHAN DAN in Vietnamese
26 Aug 94 pp 1, 3*

[Report by P.V.]

[Text] On 22-24 August, the Can Tho provincial party committee held a conference to appraise results in implementing the party Central Committee third plenum's resolution on renovating and revamping the party during the past two years, review the 10-year implementation of the party Central Committee Secretariat's Directive No. 44 on female cadre-related tasks, and discuss plans for these tasks in the new situation. Comrade Le Phuoc Tho, member of the party Central Committee Political Bureau and Secretariat attended and directed the conference. Many representatives of the organizing committees of provinces in the Mekong River Delta attended and exchanged experiences on various issues.

Almost 20 delegate reports to the conference asserted that the initial achievements in renovating and revamping the party of Can Tho and other provinces in the Mekong River Delta can be seen through the remarkable fulfillment of key socioeconomic development targets during the past two years, thereby restoring the people's confidence in the party leadership and in the revolutionary path toward socialism.

In his closing speech, Comrade Le Phuoc Tho urged cadres of Can Tho and other provinces in the region to pay special attention to seriously renovating and revamping the party while refraining from carrying out tasks just for the sake of convention.

He stressed: We are reviewing the implementation of the party Central Committee third plenum's resolution to enhance the basic party organization's capability in management, leadership, and militancy to put them on par with tasks in the new turning point of our nation's revolution.

*** Jobs, Safety Maintained by Chemical Plant**

942E0094B Hanoi QUAN DOI NHAN DAN in Vietnamese 5 Jul 94 p 3

[Article by Kim Dung: "Chemical Corporation 21: Stability and Growth Start From Providing Jobs and Improving Workers' Living Standard"]

[Text] From the beginning of this year, Chemical Corporation 21 (National Defense Industrial and Economic General Department) has provided nearly 1,500 cadres and workers with enough work to do. As of the end of the first quarter of 1994, it attained more than 25 percent of the value of gross output set in its 1994 plan, with average income being 380,000 dong/person/month. Early in the second quarter, it signed contracts for producing large quantities of traditional goods, thus ensuring having enough work for the rest of 1994. Income level, in some ways, reflected the work efficiency of a production-business unit. For workers the greatest and most basic "acceptable" capacity was to always have work to do and to have a stable income. That also was the permanent concern of the party committee echelons and director of Chemical Corporation 21.

Colonel Le Dinh Tuy, the corporation's director, confided to us: "Under any circumstances, national defense goods are always granted priority No. 1. To ensure work, living standards, and income for workers is objective No. 2. Naturally, the only way to earn sufficient income, to have some accumulation, and to properly implement the social policies is to expand production."

After two years of letting its shops support themselves independently and signing product contracts with them, Chemical Corporation 21 has moved in a good direction by further raising production efficiency and has aroused the creative working power of its cadres and workers.

In addition to improving organization so as to manufacture national defense products in the best manner possible, the corporation boldly invested in development, expanded the production of traditional dual-purpose products, and thus secured for itself a strong competitive stature. As a result, it was always able to maintain stability and development. In 1993, it nearly tripled the value of gross output obtained in 1992. In this year of 1994, it is doing its best to realize the goals that have been determined a reality.

Although Chemical Corporation 21 has adopted the formula of making products on the basis of market needs, it has not diversified production without careful consideration. Relying on its strengths and occupational potential, machinery, equipment, and technical skills, it has been concentrating its efforts on making traditional "spearheading" products. On the other hand, it has been applying marketing techniques to accurately forecasting the "market weather." Therefore, its economic goods always show high quality, are sold quickly, and enjoy many customers' trust.

In 1994, in-depth investment by the state will bring the corporation 2.5 billion dong for it to renew its energy, and to improve and upgrade some of its assembly lines. This will be a favorable step to help it to maintain

stability and to develop production, particularly on the assembly lines that make national defense products.

The work of national defense workers is usually hidden and quiet. In Chemical Corporation 21, which has the characteristics of an industry making harmful and dangerous products, the work is even more hidden and quiet, for its workers operate under difficult conditions. Sometimes a little mistake can lead to unimaginable consequences. Considering this special and characteristic labor requirement, we think that the superior authorities should act promptly to revise in an appropriate manner the present policies so as to protect, encourage, and maintain the groups of technical workers in the national defense factories in general, and in Chemical Corporation 21 in particular.

Government Forms New Precinct in Haiphong City

BK1409145994 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 13 Sep 94

[Text] The government just issued a decree to form a new precinct called Kien An in Haiphong City. Kien An Precinct lies in the southwest of Haiphong City with a total territory of nearly 2,700 hectares and a population of more than 76,000. The new precinct consists of nine administrative units: Quan Chu Subward, Tran Thanh Ngo Subward, Bac Son Subward, Ngoc Son Subward, Dong Hoa Subward, Gian Minh Subward, Van Dau Subward, Phu Dien Subward, and Nam Son Subward. With the formation of this new district, Haiphong City now has four inner precincts. This will create favorable conditions for the city construction and development.

Australia**Evans Defends Keating's View of Indonesia***BK1309080594 Melbourne Radio Australia in English
0500 GMT 13 Sep 94*

[Text] Australia's Foreign Minister Gareth Evans has defended Prime Minister Paul Keating's description of Indonesia as a tolerant society. An Indonesian human rights lawyer, Buyung Nasution, says Australia has gone too far in praising Indonesia. Dr. Nasution says there is concern in his country about foreign governments praising Indonesia while human rights abuses continue. Senator Evans says while he accepts many Indonesians are discomforted by backward steps, Indonesia is a society in transition.

[Begin Evans recording] It has to be expected in a society as complex as Indonesia is and with the history that the country has had that the path won't be entirely smooth and in one direction. But the overall trend, I think, is in the right direction in terms of Indonesia becoming a more liberal, open, and democratic society that is so much welcomed by the vast majority of people, I think, in the country and I am sure that it will happen over time, notwithstanding some bumps along the way. [end recording]

Minister Requests Release of Citizen Held in PRC*LD1009093694 Melbourne Radio Australia in English
0800 GMT 10 Sep 94*

[Text] Australia's Trade Minister Bob McMullan has said that if the Chinese authorities did not have enough evidence to put a detained Australian citizen on trial, they should release him. Senator McMullan made the request in talks with the vice governor of the southern Chinese province of Guangdong, (Jung Chi Chuan), in the provincial capital Guangzhou. He said that while his visit was concerned mainly with trade and commerce, he could not let the meeting pass without raising Australian concern over the position of a Chinese-born Australian businessman, James Peng. Mr. Peng was arrested in October last year on suspicion of embezzling \$1.4 million in bank funds lent to his company in China and of using the money for personal gain. No formal charges have yet been laid, but the Chinese Foreign Ministry has urged the Australian Government not to intervene. Mr. Peng has said he is not guilty of the accusations.

Australia To Help Supervise PNG Cease-Fire*LD1409101094 Melbourne Radio Australia in English
0700 GMT 14 Sep 94*

[Text] Australia is to help supervise the cease-fire on the Papua New Guinea [PNG] island of Bougainville and monitor the border with Solomon Islands. Australia's role in the peace process was agreed on during talks between the Australian prime minister, Paul Keating, and PNG's prime minister, Sir Julius Chan.

Graeme Dobell reports on the two-hour meeting which took place in the Australian capital, Canberra.

[Dobell] Mr. Keating agreed to Australian membership of the neutral standing committee which is to supervise the cease-fire on Bougainville. Mr. Keating also agreed to the request from Sir Julius for Australia to give logistical and financial help to the South Pacific regional peace-keeping force. The force, to go into Bougainville next month, will draw troops from Tonga, Vanuatu and Fiji.

Australia's prime minister agreed that Australia will provide maritime surveillance along the border between Papua New Guinea and Solomon Islands which has been an area of tension during the Bougainville troubles. Australian officials said Sir Julius gave a full account of developments on Bougainville while Mr. Keating congratulated the new prime minister on his work to resolve the conflict.

New Zealand**Soldiers Depart for UN Peacekeeping Duty in Bosnia***BK1409102094 Hong Kong AFP in English 0946 GMT
14 Sep 94*

[Text] Wellington, Sept 14 (AFP)—New Zealand's biggest military deployment since the Vietnam War got underway Wednesday with the departure of 250 soldiers to join the United Nations Protection Force in Bosnia. To live television coverage, and a good deal of public angst about the merits of the scheme, the soldiers from Kilo Company were due to fly out at midnight (1200 GMT) on a chartered UN flight.

Prime Minister Jim Bolger told the soldiers their mission would be very different to that of their predecessors in Vietnam and in Europe during World War II.

"For you are going not to fight a war, but to support the urgent search for peace in a region that has been ravaged by terrible conflict and suffering," Bolger said. He said the deployment brought to 325 the number of New Zealand Defence Force personnel serving in peace-keeping forces in nine countries.

The New Zealand forces will be under the command of the Second Battalion, Royal Anglian Regiment, headquartered at Vitez. Its patrol area will cover the so-called Vitez pocket, a Croatian-controlled area.